

*jeevadhara*

## **ETHICAL REFLECTIONS ON ECONOMIC LIBERALIZATION**

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Edited by

Thomas Srampickal

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A JOURNAL OF CHRISTIAN INTERPRETATION

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## **Ethical Reflections on Economic Liberalization**

**Edited by**

**Thomas Srampickal**

**Jeevadhara**

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## Editorial

The liberalized new economic policy of India is about five years old. It has been a subject of debate all through. While some see globalization, WTO, MNCs, etc., as the only way of boosting the economy and leading the country into the 21st century, others perceive it all as selling out the country to foreign powers and destroying our culture. Some accentuate the positive by looking at the world as a "global village" while others emphasize the negative by perceiving it as a "global market" because of the pervading profiteering motive and exploitative mentality. Though a five-year-period is not enough to make a fully reliable consequence-based evaluation of the policy, it is already showing signs, both negative and positive, clear enough for moral reflection. And that is the concern of this issue of *Jeevadhara*.

J. Fonseca discusses "Globalisation of Business", highlighting various relevant factors in the conviction that "Doctrinaire positions, polarized judgements and premature denunciations smack more of politicization of the issue than a commitment to moral discernment". In general, globalisation, a paradigm of contemporary capitalism, presents a positive side such as its solemn promise of rapid economic growth through free trade and market efficiency against which weighs heavily its negative side such as unrestrained consumerism, enrichment of vested interest, increase of unemployment and underemployment, environmental degradation, resource depletion, increasing poverty and misery of the majority of humankind. All these supersede the purely political and economic spheres and raise problems of huge magnitude concerning human rights and dignity of the poor who form the majority. The present discussion seeks to develop insights into the processes involved in the globalisation of business, particularly in a developing country like India.

John Chathanatt takes a sharp look at the new policy standing on the side of the marginalized and argues for an economic order based on Gandhian vision. The author says

reassuringly that we are in a better position today to deal with the problem of poverty, debt and related issues. Technology has indicated the possibility of increased productivity and elimination of poverty. But the reason why massive poverty still remains is precisely because of the absence of justice, love, care and concern.

An industry which every country is trying its best to promote today is tourism which has immense growth potential and equally threatening moral consequences. Soccoro Mendes offers us a good analysis of the problems involved and certain constructive suggestions. The tourism that is opposed to by the Third World countries is the modern tourism promoted as an industry — tourism that badly affects the village ethos, the family ties and the moral fibre of the people bringing along a total degradation in values and beliefs. There is no doubt that this type of perverted tourism is to be terminated by all means. Here the prophetic role of the Church also is to be emphasised.

All the above topics (and more) have been the subject of study and discussion at the annual meeting of the Association of Moral Theologians of India this year. We thank the Association and the authors for permitting us to publish these articles in *Jeevadhara*.

St. Thomas Ap. Seminary  
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Thomas Srampickal



# **The Globalization of Business - an Ethical Inquiry**

## **With Special Reference to India**

The article is a systematic presentation of the various components, issues and agencies. like market-system, deregulation, trickle-down effect, governments, stockmarkets, MNCs etc. involved in the globalization of business and economy. The author also gives certain guidelines for moral assessment, drawn from the social teaching of the church. Problems such as corruption and scam arise as the policy of liberalization is implemented. The question is whether they are inherent in the liberalization process or the result of years of rigid regulation. It is a topic relevant to moral evaluation.

### **Introduction**

The Ford Motor Co., thanks to the innovation of assembly line production pioneered in 1903, revolutionized American industry and profoundly affected its methods of conducting business. Ford's modernization of production and commerce rapidly transformed that country's cultural patterns by introducing the common man to a more mobile life-style. Not content with putting America on wheels, Ford rapidly expanded internationally, establishing units in France (1908) and Britain (1911). Yet the description "global" was still a long way off in the Ford Corporation's future. Globalization, if it was used at all, was not found in the business lexicon.

Cross frontier trade is as old as humanity itself. Trade in tools, foodstuffs, apparel, artifacts, and weapons characterized even the most ancient cultures. Empires subjugated peoples and thus reaped the wealth of far-off lands. Merchant banks, which had their origin in Medieval Europe, and maritime insurance companies looked for profits in newly discovered continents. This was globalization in a literal sense. However, the globalization of business in today's sense is a phenomenon of recent origin, perhaps only a decade old.

Since World War II, the world has seen an unprecedented expansion in trade. Unfortunately, the fruits and profits were distributed unequally among nations and within them. Ultra-rich Multinational Corporations (MNCs, also called Transnational Corporations, TNCs) sprang up, with headquarters in the rich nations, benefiting their people, but following largely independent policies.<sup>1</sup> Attempts at the international level to provide remedies for these glaring inequalities were made in the last few decades: Development Agencies, Bilateral agreements for governmental aid, Loans on a preferential or commercial basis. One after another, these bids to promote human development, and simultaneously spur world business, proved ineffectual and either became defunct, or have significantly declined. Globalization of business is the latest effort which professes similar objectives.

Another push towards globalization was the end of the Cold War, with which came the demise of the socialist economies of the Communist East Bloc. China, too, espoused globalization<sup>2</sup>, without surrendering Marxism as its political credo. These changes created new market for international business. Developing countries, so far accustomed to government to government trade negotiations, had to look for fresh trading partners, strengthening the impetus towards markets free of government controls.

Globalization, in general terms, is a paradigm shift away from government-dictated and bureaucratically-managed international trade.<sup>3</sup> When this movement actually began is hard to determine precisely, but it has been dominant in business relations from the early 1990's. Spurring the world towards this greater role for free enterprise and market-related reforms are the apex bodies of world finance. They sprang from dialogue and financial coordination between nations, the International Monetary Fund

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1. The largest of these MNC's budgets are bigger than those of medium-sized industrial nations. Their tentacles are spread into banking, industrial products, consumer products and service industries. Through extensive lobbying they affect government policies.

2. Cuba remains a communist bastion, which excludes private ownership and a free market. MNCs do conduct operations there and the isolation from more global trade is blamed on the US of sanctions against its communist neighbour.

3. Trading blocs still exist, e. g. EC, ASEAN, NAFTA. Globalization seeks to get more and more nations to reduce tariff barriers and make international trade more free.



(IMF), World Bank (WB), General Agreement on Trade and Tariffs (GATT) and the World Trade Organization (WTO), which is the successor to GATT. In the background are the MNCs, which stand to gain enormously from more accessible markets and deregulated production facilities.<sup>4</sup>

The stimulus for globalization of business provided by technology cannot be underestimated. Communication and transport developments are credited with creating the global village. Thanks to these advances, financial centres and stock markets which have no national allegiance are found on every continent. Information technology has digitalized most things into a state of anonymity, making national regulation an enormously difficult task. If capital flight across national boundaries is feasible, why not also the free movement of products, jobs, people, technology and production to further business strategies? And if advancement and profit can be gleaned from this, governments and corporations have shown a readiness to promote it, and even to sell it to poorer nations which crave for a bigger slice of the pie.

In general, therefore, globalization is both a description and a paradigm of contemporary capitalism. On the bright side, it offers promises of rapid economic growth through free trade and market efficiency. On the dark side, it raises the specters of unrestrained consumerism, enrichment of vested interests, job loss, environmental degradation, resource depletion for the underprivileged and a host of other problems. These supersede the purely political and economic spheres, to create moral dilemmas that infringe authentic human goals and violate the dignity of the poor.

The Catholic tradition of moral theology has perennially concerned itself very deeply with justice; how can it now propose an ethical solution to redeem the world from the parasitic and callous behaviour of unbridled capitalism which takes globalization to excess? What structures of personal and social sin are taking root? Our discussion seeks to develop insights into the processes involved in the globalization of business, particularly in a lesser developed country (LDC) like India. We shall divide our account of the main issues related to ethics in globalization in business

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4. GATT was established in 1948 as a forum to lower tariff barriers as a means of increasing world trade.

into: (I) The Concepts embraced by Globalization; (II) The Strategies of Globalization in Practice; (III) Liberalization in the Indian Situation; (IV) Towards a Moral Evaluation.

## **I. The Concepts Embraced by Globalization**

### **1. The Problem of Meaning**

There is no definition of the word globalization, or of liberalization, for that matter. A text on management, will surely contain a chapter on marketing strategies in a global environment, but will hesitate to define the entire process which has to be both relativized and contextualized. "Marketing strategy" and "investment processes" on a world-wide basis best describe the innovation of globalization which we are discussing.

Globalization means different things to different people. For example, there is internal globalization within a country, making its laws and business practices more market-friendly, moving away from state monopolies and private cartels. Globalization of external business means integrating the nation's commerce into the international market by bringing down protectionist barriers and tariffs. The U. S. A. is its biggest advocate today. Going global, becoming competitive, looking for profits from abroad, has been preferred to protectionism, because such legislation creates inefficiency and raises costs.

For others, like India, globalization is pursued as a solution to high levels of debt, inflation and unemployment. Trade barriers are relaxed. Competition and privatization are fostered. Investment from abroad is welcome, in order to offset a current account deficit, to pay for needed imports and promote exports, to improve the infra-structure and obtain modern technology for industrial and agricultural progress. In short, the market in which individuals or corporations trade and compete has to be relied upon to generate national wealth. But political compromise, or a national (altruistic?) concern for the poorer citizens, leads to conflict with the demands and conditionalities for rapid and sweeping liberalization proposed for debtor countries by the IMF/WB combine, as requirements for restructuring international debt.

### **2. The Market**

The market system dominates all but the most primitive

economies today.<sup>5</sup> The market drives national economies and dominates the global economy. There are certain fundamental assumptions on which the "free market" works:

- the price of goods and services is determined by what people are willing to pay, not by any inherent value.
- labour is priced for its economic value to others, not for its social contribution.
- buyers spend their money to satisfy their needs according to their own choice, thus determining the "fair" price.
- the law of demand and supply sets prices higher or lower.
- the presence of many players competing freely to supply or purchase goods and services is a force for equity and stability.

### 3. A Deregulated Free Market

A global economy envisages a free and competitive market, in which there is movement of finance, products, technology, production facilities and people across national frontiers. Pure theorists would advocate that the market system should completely determine: (a) the resources available; (b) what goods and services to produce; (c) how they should be produced; (d) how and where they should be sold. The advocates of Globalization urge deregulation and the withdrawal of government control over commerce, citing the inefficiencies arising from managed markets which lack financial and productive freedom. However, nearly all modern economies settle for a "mix" of market and command approaches.<sup>6</sup> Certain things like health, education, development projects, national security and care for the destitute need some command structure.<sup>7</sup> Laws are essential. A healthy market which benefits all grows out of a strong political order, not from weak government.<sup>8</sup>

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5. Some examples of other types of economies: Feudal (lord-serf and generally agricultural); Barter (exchanging goods and services rather than money); Slave (economic and other freedoms are deprived to some).

6. Highly centralized economies are referred to as command economies. China and Cuba remain Marxist today, preserving the command ideology to varying extents. India's Public Sector is an example of the socialist system.

7. In the last five years a host of new products are being advertised in India, at least in the English language media.

8. This presupposes unity within the government and a programme which has wide support.



#### 4. The Profit-Motive and Trickle-Down

The profit-motive has always been the ideology of business; the accent on liberalization brings it to the forefront as the dynamism of a capitalist, free-enterprise society. It is best described in some of the common aphorisms that are handed down:

‘Nothing succeeds like success’ (Self-interest)

‘Winner takes all’ (Competition)

‘The early bird gets the worm’ (Individualism)

We must distinguish between the profit (gain, advance) from a transaction in the form of property or pecuniary gain and the profit-motive. The latter is applied to the pursuit of wealth. It is found even among the poorest and is certainly not restricted to the rich. Within capitalism it permeates the cultural system. This form of motivation produces good and evil effects. Among the good effects, we could list: Reward for entrepreneurial efficiency and achievement; compensation for risk; a gauge of organizational or technological ability. The evil effects flow from the unchecked ‘maximization of profit’<sup>9</sup> as the only goal of business. Among them are: ‘bottom line’ as the only valid criterion for judging success; ‘short termism’, or strategies for immediate profit which generally ignore social and environmental costs; exploitation of various forms, which lead to job insecurity and unequal distribution of wealth. Real ethical problems arise when profit becomes the primary and sole purpose of conducting business, and the social role of the corporation is obscured. Profits are justified when they contribute to social wealth.

‘Trickle down’ is a condensation into two words of the policy of providing incentives to the rich proprietors of business, so that by their increased investment of capital more jobs will be created, and more taxes will be generated for the government to spend on social uplift. Therefore the poorer sections will be benefited directly and indirectly by tax breaks, reduction of duties and measures to promote the market economy. Unfortunately, this has resulted in the last decade in the rich getting richer, a campaign to reduce subsidies and welfare to the poor. The richer

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9. This term, as well as maxims like ‘The business of business is business’, are characteristic of the de-regulated, liberal economic philosophy. Most representative of this school is, Milton Friedman, *Capitalism and Freedom* (Univ. of Chicago, 1962) and *Free to Choose* (Jovanovich, 1982).

businesses have expanded through price wars, leveraged buyouts and moving factories around the world in search of cheaper labour and new markets.

The profit-motive is not in itself morally unworthy, provided the needs of human beings and social demands are responded to and incorporated into business ethics. Business must heed the warning that the profit-motive easily degenerates to greed and is the principal cause of poverty.

## 5. Globalization as a Paradigm Shift

Globalization as a form of business organization implies moving away from the classical economic theory of Keynes, which guided the post-Depression (1930's) and the post-World War II recoveries in the societies of the West.<sup>10</sup> Keynes encouraged strong government intervention in spending, creating employment levels and providing a state-supported Welfare Society that provides a safety net for its citizens. In other words, while supporting free enterprise, not everything should be left to the laws of supply and demand operated by profit-oriented entrepreneurs.

It has now become fashionable to blame Keynes for the mess the world is in. What is strongly mooted in the 1990's is the paradigm shift to a "supply side economics", espoused during the Reagan and Thatcher eras. Integral to globalization are the patterns of privatization, deregulation and consumerism. It smacks of a return to the "invisible hand" and *laissez faire* milieu advocated by Adam Smith, the father of capitalism.<sup>11</sup> But market mechanisms have proved to be seldom moderated by intelligent or balanced bargaining, nor are they as uncontaminated and perfect, free of manipulation and vested interests, as Smith imagined.<sup>12</sup>

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10. Few books have affected the capitalist world or altered the direction of society as John Maynard Keynes's *The General Theory of Employment, Interest, and Money*, first published in 1935.

11. Cf. *An Inquiry into the nature and causes of The Wealth of Nations*, first published in 1776. The book is a mixture of economics, philosophy, history, political theory and a practical programme. His basic conviction is that the "natural order" is served when each individual pursues self-interest alongside others; this enlightened pragmatism ultimately promotes social welfare more effectively than the anarchy caused by the political interference of governments.

12. John K. Galbraith, cautions against gullibility about the market-place and its rhetoric. He lists methods used to evade market discipline, *Economics in Perspective* (Boston, Houghton Millin, 1987), p. 286.

The current aggressive pursuit of globalization of world business gives rise to the fear that vested interests have taken over. Structural Adjustment Programmes call for the governments to keep their hands off employment and social welfare programmes. Market solutions are to be found for the growing inequalities that are multiplying both in the under-developed and the developed world.<sup>13</sup> But are the affluent really going to forgo wealth for the common good? There is also the fear that callous corporations will render our world vulnerable to depletion of resources and environmental degradation.<sup>14</sup> Business strategies that diminish respect for social values must be considered morally questionable.

## 6. The Alternative View

Before proceeding to the concrete measures employed in a world-wide competitive market, we must note that the efforts to establish a de-regulated global market have their severe critics. To cite but one commentator in the Indian press, globalization is seen as a strategy for continuing the "American century", by imposing a world economic order dominated by its leadership. Conceding to the pressures of the WB and WTO is a surrender of hegemony and the capitulation to ruthless, rootless, jobless growth of foreign interests and their domestic pawns. Human, need-based, equitable, ecologically sound development will come from cooperation, not competition.<sup>15</sup>

At the March 1996 World Economic Forum at Davos, Switzerland, amidst support for structural change and optimism about the dramatic growth in east Asia, there were words of caution. The reforms are not serving people uniformly. "The big risk in the market is that we could go from euphoria to a huge depression."<sup>16</sup>

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13. The ethical concerns and social values linked to this adjustment will be more easily comprehended from the list of tasks expected from government, formulated later in this paper.

14. A call for a Super Green Revolution and an "ethical road", to focus on environmental perspectives for "an increase in global food production", was given at Madras, by Ms. Elizabeth Dowdeswell, Executive Director, United Nations Environmental Programme (UNEP). Reported in "Environmental perspectives key to production", *The Hindu*, July 9, 1996.

15. Praful Bidwai, "A bullyboy in domestic disguise", *Sunday Times of India* Bangalore, September 15, 1996.

16. Kenneth Curtis, economist for Deutsche Bank Asia (Tokyo), reported in *Time* Magazine, March 4, 1996.



## II. Strategies of Globalisation in Practice

Who globalizes and How? The variables within the market-based economy are infinite. We will consider only a few key elements (players) in the liberalization process, limiting ourselves to the impact they have on the ethical environment of the free market.

### 1. The Government

Good government strives for a healthy national macro-economy. Policies that ignore national interest cause high indebtedness, high inflation and high unemployment, they also expose the business community to risks that scare away investment or lead to capital flight abroad. Foreign firms will examine these factors, as well as factors like currency fluctuations, protective tariffs, corruption, labour policies and technological pirating before entering a particular market. The deeper ethical concern for the poor must also be reflected in economic decisions, not to increase their frustrations, swell their ranks or generate insecurity, which only breeds violence.

In liberalizing for entry into global markets, a conscientious government will have the important function of ensuring equitable treatment in reforming certain key areas:

—Financial Sector. This covers interest rates, exchange rates tax legislation and collection, investment norms for domestic and foreign investors, debt or equity trading, and the limits on financial institutions, to whom are entrusted the nation's savings. Liberalization here is meant to secure a free flow of investment at the best price in international market, but sufficient resources for a safety net for the urban and agrarian poor cannot be eliminated in the name of liberalization.

—Regulatory Mechanisms. The more "command" in nature an economy is, the more permissions have to be obtained for economic activity, the more quotas are created. Undoubtedly, the "licence-raj" suffocates business initiative, or breeds rampant corruption. It also causes expensive time-lag in executing projects. On the other hand, there is the belief that market forces are self-regulating through enlightened self-interest, so de-regulation has become a mantra of globalization. However,

government regulation cannot be dispensed with, since not all the needs of society blend with the capitalist profit-motive. It is required also for ecologically sustainable development. "The fact is that many people, perhaps the majority today, do not have the means which would enable them to take their place in an effective and humanly dignified way within the productive system."<sup>18</sup>

—Disinvestment: Sale of shares in unprofitable public sector enterprises to reduce operating deficits and realize liquid capital for the government is considered essential to liberalization. The procedure has been associated with Thatcherism in Britain. Several ethical issues can be identified here: (a) Who wants to buy white elephants? Private investment will come forward only after labour has been drastically reduced and the PSE is on the road to profitability. Why should the government disinvest then? (b) Who pays for the transition costs, especially the job destruction or retraining?<sup>19</sup> (c) How much of infrastructure should be sold to private and foreign parties, mortgaging the nation's security? (d) Favouritism is rampant in fixing the sale price of such shares to the advantage of relatives, friends and political allies. (e) Will the funds realized from the sale be used for development of assets, or frittered away on governmental subsidies and to service the debt created by populist schemes?

**2. The Corporation:** A business enterprise has many stakeholders - employees, owners, customers. Unfortunately, the business corporation is often taken to be only the proprietors and management, who often consider themselves to be stewards of nothing more than their own wealth. While this is true of domestic companies, it is even more applicable to MNCs.

Globalization for domestic businesses involves imports and exports, tapping funds at the best rate of interest, obtaining modern technology and management methods. They also have to face

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18. John Paul II, *Centessimus Annus*, 1991, n. 33. The pope explains some of the factors causing this: lack of information, marginalization from economic development, inability to compete, or sometimes the seduction of the poor by the dazzle of consumerism.

19. There have been two instances recently where this challenge had to be met. In Russia, disinvestment has been a disaster. The *Treuhandanstalt*, charged with transforming East Germany, owes its success to the safety net offered to displaced East German labour by the affluent West German government.

competition and shake-outs, when their product loses the market, bringing them to the point of collapse. Small businesses are merged with bigger ones, often against their will.<sup>20</sup> Norms for job redundancy and the retaining of employees are some of the factors to be catered for here. The hope placed in the sometimes painful liberalization measures is that they will develop a market which is customer-driven, where brand loyalty is built on quality, not on manipulated scarcity.

The biggest debate centers on the entry of MNCs.<sup>22</sup> Those who support them claim they bring in quality finance, technology, training, research and management skills. They create jobs, pay above local wage levels, and invest profits in growth, on which they thrive. They have funds to invest in infra-structure, and are big enough to wait for long term profits.

Many do not make such a benign evaluation of multi-nationals. They are viewed as short-term profit seekers, destroyers of the culture and ecology, perpetuating dependence on themselves. They introduce products regardless of social worth or need, since they seek only to make profit out of available materials and low wages. They have the resources to buy up land for cash crops and export, and introduce monoculture for quick returns.

Is there a middle ground between these two opinions. India has benefited from the long term presence of MNCs like Lever, Bata, Siemens, Glaxo, ABB and a host of others. There is apprehension about the effects on domestic entrepreneurs from the entry of many more who have no interest in development but sense the power of emerging markets.<sup>23</sup> Indian industrialists who earlier supported liberalization are seeking protection through government

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20. India is in the process of introducing legislation permitting hostile take-overs. This will reduce the power of families, who dominate a company while holding a small percentage of its equity.

21. Xerxes Desai, speaking at the launch of Titan Watches in Australia. Reported in *Times of India*, Bangalore, August 26, 1996.

22. Jack N. Behrman, *Essays on Ethics in Business and the Professions* (Prentice Hall, N. J: 1988), Part III, 231-324.

23. The suspicion is that multinational corporations smitten by junk bond losses, leveraged buy-outs bank frauds, recessions, high wages, and the costs of Welfare State are moving into new markets without much remorse about what has been wrought elsewhere. Natural resources are there for the taking before they move elsewhere.



assurance of a "level playing field".<sup>24</sup> Another protection sought is against "hegemony", the fear that local business may be bought out and the nation will be dominated by foreign business.<sup>25</sup>

### 3. The Stock Market

The sale of equity in a company, also called a stock issue, raises funds for the business enterprise. The public is then able to buy and sell these titles of ownership, also called shares, on the stock exchange. Demand for a share is an index of the profitability of the company, sending its price up or down. The developed countries permit investors from any part of the world to enter this market, in the hope of attracting wealth into the country and of making the managers of corporations answerable to a wider public, who are interested in seeing their savings grow and produce a profit, for the efficiency of their management. Liberalization in this case means opening up the domestic stock market to foreigners.

Apart from attracting capital for developments, other benefits are to be derived from opening up the stock market, e.g., transparency and accountability in corporate behaviour, greater efficiency of the management which is answerable in a measurable way, elimination of family control although investment is low.

A healthy stock market requires effective controls and self-policing. In India this is slowly taking root as the government legislation and the autonomous Securities and Exchange Board of India brings different areas of trading under their regulations, e.g., take-overs, replacement of registration of share certificates with depositories, limits on forward trading.

### 4. Intellectual Property Rights

Trade Secrecy is used to protect property and ideas which can be bought or sold at a profit. Patents, copyrights and trademarks are granted by governments as means of protecting and granting the exclusive use of property, ideas and the fruit of research, without recourse to secrecy. Patents, therefore, are given for some innovative and commercially useful product, for a certain time and

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24. This refers to the disparity of high rates for borrowing within the country, versus the large credit at a cheap rate available to MNCs.

25. Foreign corporations have not shown an overwhelming interest in entering the Indian market. On July 30, 1996, for example, 365 FIs had registered with SEBI, but only 121 were active. The amount of Foreign Direct Investment in India is only a fraction of the interest shown in China.

by a particular government. The model for patent regulation was set by the Paris Convention first formulated in 1883, to which India does not yet subscribe. Copyright covers things like published books, recorded music, computer software.

India's current tension with the world business community is over the reform of its Patent Act (1970). It limits patent life for drugs, chemicals and food product to 5 or 7 years, against the international norm of 20 years. It recognizes patents only for processes, not products. Indian pharmaceutical companies have therefore made available at cheap prices many drugs still under international patent.

The Western countries which urge India to amend its legislation on patents are willing to move investment and facilities for labour-intensive products to this country. In turn they demand protection, with the threat of sanctions, for the hi-tech products through patent protection. On December 31, 1994, by ordinance the Patent Act was amended, but the parliament rejected the amendment act on grounds that it was not in the national interest. Opinion is high about not signing the Trade Related Intellectual Properties (TRIPS) Agreement, on grounds that it violates India's sovereignty and deprives the country of vital products for promoting health and development, which in fact belong to the whole human race. At present it is in stand-off position.<sup>26</sup>

## 5. Vulnerabilities

The TRIPS trap is one instance in which a poorer country may be moved to liberalize under pressure, without the certainty of commensurate returns. One of the chief drawbacks of globalization is that countries are forced into reforming laws and practices to accommodate elites, but are left vulnerable in innumerable ways to the whims of the self-serving affluent parties. Some examples:

**Non-tariff barriers:** After protectionist tariffs have been remedied, the richer bargainer can invoke a host of non-trade-related restrictions. Ban on imports produced with child labour.<sup>27</sup> Textiles rejected because of flammability or toxic dyes, although

26. The scholastics had already justified the purchase of knowledge. The TRIPS dispute can only be settled by compromises arbitrated by multilateral institutions which mitigate both domination by the powerful and claims of sacred sovereignty.

27. Child labour is a moral indignity. There is also a competitive advantage

these were not stipulated in the contract. Fish caught with certain nets are rejected.

Introduction of unneeded products and technology: Do Pepsi-Coke wars make sense in India? Is the introduction of 75 HP tractors by a Fiat subsidiary not paving the way to large agro-industry which will swallow up the small farmers of this country.<sup>28</sup>

Hostile take-overs: Local entrepreneurs will be at the mercy of the cash-rich looking for mergers and market foot-holds. Nevertheless, the market law of supply and demand as applied to the ownership of companies will force them to be transparent and accountable.

Small-Scale, Village and Handicraft industries subjected to unfair competition: Liberalization has so far been directed to the organized heavy and medium sectors of industry. But it has been the small-scale industry that has enlarged employment opportunities, reduced income disparities and served neglected geographical regions. Is this sector to be protected or liberalized?

The withdrawal of foreign capital: After inducing a country and its business to liberalize and globalize, foreign investors may decide it is a bad bet. Pulling out leaves the economy much more vulnerable than it was before. The failure of the reform process has been criticized for contributing to poverty rather than alleviating it.

### III. The Indian Situation

#### 1. Liberalization Introduced in 1991

During the first 40 years of its independence, India followed the path of socialistic, planned development.<sup>29</sup> Through restricted imports, high import duties, heavily subsidized public sector enterprises, nationalization of financial institutions and a regulated private sector but mixed, though predominantly command, economy existed. There was growth, but was it proportional to the huge public investment? Poverty eradication was the goal of numerous

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in paying low wages to children in the carpet, clothing, foundry, quarry and other export industries. However it is unreasonable to demand an immediate ban, since there is no welfare for the large number of poor suddenly affected by the creation of a unilateral barrier.

28. *Business Times*, Bangalore edition, September 10, 1996.

29. One must keep in mind also the ideals inherited from the leaders of the independence struggle — *swadeshi* and self-reliance.



schemes, but the crisis worsened and subsidies were diverted from those in need.

In 1991, not for the first time, the country was in a balance of payments crisis. Budgetary deficits, increased borrowing, inflation and depleted foreign exchange reserves threatened default on the import bill, and foreign debt had to be serviced by physically transferring gold. The country's reserves and credit worthiness had been razed.<sup>30</sup> Within the country, a liquidity crunch and high interest rates were paralysing industry. The IMF/WB, which had rescued the government in a similar situation in 1981, this time demanded that India adopt a new long-term economic strategy, indeed a new capitalist mind-set. Thus was born "structural adjustment" and reform, liberalization of regulatory measures (tariffs, licenses, production quotas, exchange-banking restrictions), in order to promote modernization, competition, efficiency and higher productivity. Funds and technology from abroad had to be allowed in by modifying investment restrictions. This opening up of Indian commerce and business — internal and external — is globalization in the local context.

Another reason advanced for the globalization of Indian business is the rapid development of India's neighbours to the east, the Asian Tigers, some of which now feature in the list of ten most dynamic nations.<sup>31</sup> At the end of World War II, many of them were ruined and judged poorer than India. Confronted with these successes, India's sizable middle-class is looking for more opportunities to use their larger disposable incomes.<sup>32</sup>

## 2. A New Model for Growth — Privatization

In a word, the terms used above are synonymous with privatization. This is the solution proposed by liberalization to eradicate the deep structural problems in the Indian economy, principally to balance the government's inability to curb its expenses on an unwieldy bureaucracy, inefficient nationalized industries and subsidies.<sup>33</sup> The steps taken so far have been introduced in stages:

30. Standard & Poor, the world's premier credit rating agency, down graded Indian commercial paper (credit notes, stocks, bonds etc.) to a level below investment grade, warning investors of the risk involved in entering this market.

31. *Time Magazine*, June 10, 1996, names Singapore (1), Hong Kong (2), Taiwan (9), Malaysia (10).

32. Cf. *Time Magazine*, Cover Story, March 25, 1996.

33. Under pressure from the WB and IMF to cut subsidies, the government

Devaluation of the rupee twice, to promote exports.

Liberalization of gold imports, to curb smuggling.

Deregulation, through elimination of many licenses.

Elimination of controls on free sale of certain agricultural products, e. g. coffee.

Reduction of import tariffs, to force down prices of domestic products and force improved quality through competition.

Change in labour laws — easier dismissal of employees.

Reform of the stock market for greater efficiency, security and self-regulation through the Securities Exchange Board of India (SEBI) and Depositories.

Easier entry of foreign investment — either by FIIs (Foreign Institutional Investors) into the stock market, or as FDI (Foreign Direct Investment) in Joint Ventures or wholly owned subsidiaries.<sup>34</sup>

Import of technology.<sup>35</sup>

Private/foreign participation in infra-structure development.

Permission for Indian companies to borrow abroad, within limits, through Global Depositary Receipts (GDRs), External Commercial Borrowing (ECB).

Privatization, as a policy principle, has now received a commitment from two disparate national governments, and is not contested by the opposition or by the States. It has become a slogan, just as nationalization once was. The Indian public seems to thirst for change, as a deliverance from prevailing tyranny and corruption. But privatization is not a panacea for economic ills in itself. Beneficial liberalization must mean moving into an economy which has to cope with discipline in many areas, for example in the Capital Market, Labour Market, Technology Market, Supply

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has curtailed the public distribution system for essentials, which benefits the poor, for whom there is no other security net or welfare. The subsidies for fertilizer, irrigation and power for agriculture — all of which benefit the big farmers — far from being curtailed have actually been increased.

34. FIIs are Mutual Funds, Pension Funds, Brokers and other bodies that have capital to invest in the country's stock bond or debt markets. FDI is the investment made by a foreign individual or corporation as a partner in a particular business.

35. Only selectivity in this benefits the recipient nation. See Denis Gdùlet, *The Uncertain Promise* (Idoc, New York; 1977).

Market. It means coexisting with both success and vulnerability. Crucial to the exercise is a high quality in management, able to make decisions about costs, productivity, styling and marketing.<sup>36</sup>

This switch to a capitalist ideology has not been without questioning about its political, social, economic and moral legitimacy.<sup>37</sup> Is liberalization a surrender to the IMF, merely to escape bankruptcy? Is it a bold leap forward, to usher in a new era? Does it profit only a segment of consumers, plunging the poor towards disaster? Are we to repeat the disaster in Latin America, Africa and Russia, which followed from similar policies? Who will benefit from dismantling five decades of social legislation, for example land ceilings, small scale industries,<sup>38</sup> public sector and core sector, foreign exchange regulation (FERA), protection of labour,<sup>39</sup> subsidies, public distribution system and a host of others? After five years, the doubts persist,<sup>40</sup> although the gradual process of measured doses of liberalization has avoided large scale industrial stagnation, unemployment and hyper-inflation.

### 3. Too much or not enough

One day's press reports (September 13, 1996) publicize the call for the creation of an investor-friendly image, transparency in company boards, greater subsidies for the railways, and a halt to all infra-structural projects allegedly passed without comprehensive environment impact assessment. This brings home the muddled political, social and ethical situation that prevails in the country's liberalization programme. This has led to the assessment that liberalization in India lacks a human face, and has largely bypassed the mass of poor people in the country. In a recent poll, only 14%

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36. C. K. Prahlad, "Case to proceed with Liberalization", *India Today*, March 15, 1996.

37. See B. N. Bannerjee, *Multinational Scramble for New Markets* (New Age, New Delhi: 1996), 147-170.

38. This sector has been protected, in order to promote local entrepreneurs.

39. In a democracy, the government's policies towards labour is of utmost consequence for liberalization: (i) *Exit Policy*, (ii) *Reservations Policy*.

40. A vocal proponent of liberalization is Swaminathan S. Anklesaria Aiyar, writing in the *Times of India*. Equally vocal is the opponent of the programme, Balraj Mahta, contributor to the *Deccan Herald*. Foreign investors, however, showed little enthusiasm about investing in India, where FDI is much smaller than anticipated. They expect pronouncements to be followed by action.



of rural people had heard of new economic policies and 21% supported the entry of foreign firms.<sup>41</sup>

It is in this context that the *Times of India* editorialized on the same day: The "Destination India" seminar on investment opportunities ... saw Prime Minister Deve Gowda not just reassuring foreign investors about continuing the process of liberalization, but also promising some 'radical' steps to boost investor confidence ... the issue today is really the government's apparent unwillingness to ensure adequate transparency and play a proactive role ... In the absence of any government resolve in such matters, a high and even a rising proportion of foreign investment is flowing into consumer goods and service sectors, essentially to cater to the domestic middle-class market.

Also on the same day, the IMF, presenting its country report on India, declared itself unhappy with the pace of Indian reforms. Its Deputy Managing Director Stanley Fischer, addressing a press conference in Washington, said there is need to push harder for structural reforms — privatization of public enterprises (disinvestment), labour exit policy, liberalization in the agricultural and financial sectors.<sup>42</sup> He also urged that slippage from budget targets should be avoided.<sup>43</sup>

#### 4. Agriculture

India remains a predominantly agricultural country, the majority of its people engaged in rural activities. Even before liberalization, an upheaval in rural family structure, caste, politics and economics has been in progress. How will the reforms affect these huge masses, and the strong vested interests linked to land? What impact will the integration of India into the global market have on people engaged in subsistence farming? One of India's successes has been sufficient food production at a cost within the means of its poor. Will the pressure to export more, and hence to produce more with expensive imported technology (seeds, poultry, dairy, pesticides, fertilizers, machinery) marginalize small farmers and penalize the population with higher prices?

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41. ICSSR-CSDS-INDIA TODAY Poll. Cf. *India Today*, August 31, 1996.

42. India still limits the entry of foreign banks, nor has it privatized domestic insurance or opened the door to foreign insurance companies

43. *Deccan Herald*, September 15, 1996.

Another observed effect of globalization of the Indian economy is that agricultural production has slackened, one of the reasons being a decline in public investment due to the diversion of funds to industrial growth. However, the more competitive atmosphere could also have the effect of greater efficiency from expenditure on agriculture. Taking the annual averages from 1980 to 1993, an annual public expenditure on agriculture of 29.1% of GDP has only produced an annual growth of 3.2%.<sup>44</sup> These figures, however, may not reflect actual outlays on agriculture, since they include fertilizer subsidies and other credits which are often politically motivated handouts that do not reach rural development projects or contribute a safety-net for the poor. With the entry of private enterprise on a large scale into rural business another important ethical issue will have to be addressed. Namely, who will benefit from the competitive growth, productivity gains and export orientation of Indian agriculture?

India is already seeing the growth of orchards, horticulture and floriculture and various other cash crops. These are both capital intensive and lucrative. At the same time they cannot be permitted to remove too much land from cereal food production, still the nation's staple diet, nor displace the country's most populous citizenry, the small farmers. How much agricultural land can be eaten into for the infra-structure of power plants and roads or of suburban sub-divisions, already becoming a feature of India's habitat, is another consideration.

#### IV. Towards a moral evaluation

##### 1. Capitalism for Christians

The globalization of business and the liberalization of the Indian economy must be recognized as mechanisms used by capitalism. They must be handled with caution, for we see what modern capitalist materialism has wrought in the entire "western" culture — self-love and excessive individualism. A century ago, an observer of the 'west' would have noted a spirit of moderation and the Puritan work ethic. Today the culture of the industrial democracies exported all over the globe through the media, a tool

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44. The corresponding figures for the same period for Malaysia are 10.1 percent and 3.5 percent for Thailand 12.9 percent and 3.8 percent. See "Declining Investment in Agriculture", *The Hindu* September 12, 1996.

of unrestrained capitalism in its advertising, is marked by permissiveness and violence. These are the fruits of materialism, the creed of capitalism.

Some Indian commentators condemn the apparently victorious capitalism which has emerged from the Cold War, arguing from the Bible or from Christian ethics. It is forcing the helpless to capitulate to its manipulation and exploitation, through globalization. This strategy is only a new phase of colonialism. The First World, in search of markets, is trying to sustain its lifestyle as well as to impose it on the middle classes of emerging, poorer nations.<sup>45</sup> India's present policy of liberalization has been condemned as "a new form of death and bondage, of a social sin from which humanity has to be freed".<sup>46</sup> The sympathies and loyalties of the churches are seen to be with the established order, which the papal encyclicals seek to preserve, by avoiding radical questioning, while advocating charity as an answer to the problems of the impoverished.<sup>47</sup> The road towards new way of organizing the economy must retain our rich cultural patterns and traditional systems of life, because the "western" model of wasteful consumerism and empty individualism, of greed, competition and accumulation is not the only path to be taken by every nation.<sup>48</sup>

Liberation Theology, adapting Marxist analysis, has brought into focus the many evils of capitalism and called for a revolution to oust it. The question is how inherent are these evils to capitalism, or do they merely accompany it?<sup>49</sup> Michael Novak, on the other hand, extols the Christianized and humanized democratic capitalism of the United States. "Its fundamental structure has

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45. T. K. Oommen, "Globalization and Structural Change", *Religion and Society*, Vol: XLL. No. 2. June 1994, 16-22

46. Walter Fernandes, S. J., "The Liberalization Policy and the Message of the Bible: Keynote address: 17 National Conference of S. B. S.", unpublished notes.

47. Samuel Rayan, "Our Daily Rice", *Jeevadhara*: Vol. XXV. No. 147, 46.

48. These themes are developed by several authors in the issue of *Jeevadhara* edited by Samuel Rayan, Vol. XXV, No. 147.

49. Three stages have been identified: (1) "Good" capitalism — creates jobs and wealth from business where profit and human elements are considered; (2) "Bad" capitalism—profits are maximized even though some suffer; (3) "Ugly" capitalism—greed reigns supreme and business is corrupted. Moral guidance seeks out alternatives to vicious capitalism add its roots, materialism. Arthur Jones, *Capitalism and Christians* (Paulist Press, New Jersey: 1992).



proved to be productive, its liberties are broad; consequently its responsibilities are many".<sup>50</sup> An ordered global economy is best obtained by free-market institutions, because they cater best to metaphysical assumptions about the world process and human nature.<sup>51</sup> Pope John Paul II makes it clear that the Church cannot propose capitalism or any other model as ideal; the benefits he points to — he prefers to speak of the free market — are never unalloyed. "The inadequacies of capitalism and the resulting domination of things over people are far from disappearing."<sup>52</sup>

## 2. A Methodology for Moral Criteria

Pope Leo XIII pointed out that a State would act unjustly were it to favour one group of citizens and neglect the other.<sup>53</sup> At the same time, "When there is question of defending the rights of individuals, the defenseless and the poor have a claim to special consideration. The richer class has many ways of shielding itself".<sup>54</sup>

In order to arrive at some methodology for making moral decisions about the reforms in India's economy, policy and business practices, let us draw from the Church's Social Teaching. We rely on two acclaimed encyclicals, Pope John XXIII's "On Social Concern" (Mater et Magistra, MM) and John Paul II's "On the Hundredth Anniversary of Rerum Novarum" (Centessimus Annus, CA). Both Popes base their teaching on the human dignity affirmed by Christian faith.

"It should be affirmed that in economic affairs first place is to be given to the *private initiative* of individual men who, either working by themselves, or with others in one fashion or another, pursue their common interests" (MM, 51). "It is necessary that *public authorities* take active interest, the better to increase output of goods and to further social progress for the benefit of all citizens" (MM, 52). A strict demand of social justice, which explicitly requires that, with the growth of the economy, there occurs a

50. Michael Novak, *The Spirit of Democratic Capitalism* (Simon & Schuster, N. Y., 1982).

51. Michael Novak, *Will it Liberate* (Paulist, N. Y., 1986), 204-217.

52. *Centessimus Annus*, no. 33. See also n. 41.

53. *Rerum Novarum*, n. 42.

54. *Rerum Novarum*, n. 125. Pope Leo did perhaps present an unqualified view of private property, yet his exposition and the safeguards prescribed against aggressive capitalism were prophetic for his era.

corresponding *social development* (MM, 73). "Perhaps the most pressing question of our day concerns the *relationship* between economically advanced commonwealths and those that are in process of development... The nations that enjoy a sufficiency and abundance of everything may not overlook the plight of other nations whose citizens experience such domestic problems that they are all but overcome by poverty and hunger, and are not able to enjoy basic human rights" (MM, 157). Economically developed countries should take particular care lest, in giving aid to poorer countries, they endeavour to turn the prevailing political situation to their own advantage, and seek to *dominate* them (MM, 171). Characteristic theme and guideline of the Magisterium: the *option or love of preference for the poor*. "This is an option, or a special form of primacy in the exercise of Christian charity, to which the whole tradition of the Church bears witness... it applies equally to our social responsibilities and hence to our manner of living, and to the logical decisions to be made concerning the ownership and use of goods" (MM, 42). "I wish to mention specifically: the reform of the international trade system, which is mortgaged to protectionism and increasing bilateralism; the *reform* of the world monetary and financial system, today recognized as inadequate; the question of technological exchanges and their proper use; the need for a review of the structure of the existing international organizations, in the framework of an international juridical order" (MM, 42). "The modern business economy has positive aspects — *human freedom* exercised in the economic field, just as it is exercised in many other fields" (CA, 32). "The free market is the *most efficient instrument* for utilizing resources and effectively responding to needs" (CA, 32). "There are many *human needs* which find no place in the market. It is a strict duty of justice and truth not to allow fundamental human needs to remain unsatisfied, and not to allow those burdened by such needs to perish" (CA, 34). "It is necessary to help needy people to acquire expertise, to *enter the circle of exchange*, and to develop their skills in order to make the best use of their capacities and resources" (CA, 34). "Such a society is not directed against the market, but demands that the market be appropriately controlled by the forces of society and by the State, so as to guarantee that the basic needs of the whole of society are satisfied" (CA, 35). "Profitability is not the only indicator of a firm's condition. In fact, the *purpose of a*

*business firm* is not simply to make a profit, but is to be found in its very existence as a community of persons who in various ways are endeavouring to satisfy their basic needs, and who form a particular group at the service of the whole of society" (CA, 35). "It is necessary to break down *barriers and monopolies*" (CA, 35).

*Consumerism*: "It is not wrong to want to live better; what is wrong is a style of life which is presumed to be better when it is directed towards 'having' rather than 'being'" (CA, 35). "Equally worrying is the *ecological* question which accompanies the problem of consumerism and which is closely connected to it. In his desire to have and to enjoy rather than to be and to grow, man consumes the resources of the earth and his own life in an excessive and disordered way" (CA, 37).

The *Indian Bishops* have given the same guarded response to free-market liberalism that globalization represents: In a world that is increasingly unified by economic and financial transactions, communications and movement of peoples, we need to manifest a stronger will to cooperate with all people and organizations of good will to prevent economic globalization from becoming a source of injustice and impoverishment for those least able to compete, as well as to denounce in word and deed all forms of corruption, unhealthy competition and consumerism.<sup>55</sup>

## Conclusion

It is not possible to examine the morality of each and every move of the Indian government in implementing its policy of liberalization. That there are problems is obvious. Are the problems inherent in the liberalization process? Are the corruption and scams the result of years of rigid regulation or the product of liberalization? These topics are relevant to moral evaluation. It may be too soon to pronounce moral judgement on a process just begun, severely compromised by political instability. The Catholic tradition of moral theology has always been dialogic. The Manuals may have got bogged down with deductive solutions for every situation. However, the very foundation of legitimate casuistry was situated in dialoguing with the world. Doctrinaire positions,

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55. *The Biennial Report of the CBCI*, by the Secretary General, Bishop Charles Soreng, S. J., to CBCI General Body Meeting, Trivandrum, February 13-21, 1996.



polarized judgements and premature denunciations smack more of politicization of the issue than a commitment to moral discernment.

An adequate moral solution will be found in upholding values which are compatible with good business and curb "ugly" capitalism. Among them is an awareness of social sin, which can engulf the individual conscience. The pastoral letter on the US economy criticized so many practices that put America in control of a disproportionate share of the world's wealth. It does not call on conscientious businessmen to quit economic activity. They are encouraged to "seek new and equitable ways to organize resources and the work place. They face hard choices over expanding or retrenching, shifting investments, hiring or firing".<sup>56</sup>

We have considered only a few aspects of the current pressure for liberalization of the business world, from the macro and micro economic aspects. Without a doubt, India needs a new economic order. Both the poor and the non-poor will have to play a role in it. Businesses do not have consciences, people have. The problem of equity and justice within a free-market economy may seem too big to solve. Even the magnates of business may claim that business ethics does not have much to do with them, because all they are doing is keeping ahead of the competition! The task for those charged with forming moral opinion, meaning all those who live the "good news", must be to inject into the prevailing environment the experience of God's love realized in all human situations.

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56. *Economic Justice for All* (National Conference of Catholic Bishops, Washington D. C., 1978).

# Reclaiming our Vintage Values: This Hour of the Economic History of India

The author evaluates the new economic policy (NEP) ushered in 5 years ago in the light of its consequence, especially for the poor. Attractive terms like liberalization, globalization, free-market, efficiency etc. should be assessed against the plight of the poor, brought about by these reforms. As a result of the NEP, "poverty has increased, job opportunities declined, family budgets doubled and the life of common man become difficult and miserable". The author cites authorities as well as facts and figures to that effect. He advocates a new order based on social justice, emphasizing the priorities of the marginalized.

It is just five years since the present economic reforms were initiated. Ever since its inception, there has been considerable debate in India, especially about its impact on the poor. Though, at this stage, an attempt to measure the impact of the reforms especially on the marginalized is deemed heroic or premature, five years is long enough for a country like India to do such an analysis. I would agree with the opinion that "A poor country with its very low endurance capacity because of its poverty, unemployment and deprivations, needs constant monitoring of the social cost of any reform process; so that a proper corrective course could be devised by suitable safety net measures before the limit crosses a critical level".<sup>1</sup>

Assuming this insight, an attempt is made in this paper to do a critical appraisal of the New Economic Policy of India especially from the angle of the rural as well as the urban poor. The title of the paper assumes that we have a vision that needs to be reclaimed, or I should say, that needs a re-birth. Speaking of visions I am aware of a caution given by Avery Dulles, the famous

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1. S. P. Gupta, "Economic Reform and Its Impact on the Poor", in *Economic and Political Weekly*, June 3, 1995, p. 1295.

church theologian, "The past experience should make us prudentially realistic in arresting our utopian visions for the future and the future vision should take us out of the lethargy of the past inertia". The critical analysis given by the former Justice of the Supreme Court, V. R. Krishna Iyer, is very appropriate: "It is amazing that India has, perhaps, the largest number of victimized by bonded labour, child labour, female infanticide, physical and mental disablement and illiteracy escalating year after year in gross numbers, while the 'greats' in power flatter us with figures of declining inflation and of bloated investments by G-7 cartels, developmentally irrelevant and expensively consumerist, thereby occupying our scarce economic space, robbing our natural resources, polluting our biosphere and strangling us in the long run with trade trap, debt trap, chemical trap, and which, unless arrested, may prove a death trap."<sup>2</sup> With this caution and analysis that succinctly summarizes what India is today, I try to examine our new economic policy and its impact on the poor, focusing especially on what economists term as the "debt trap" (or death trap?) and raise some pertinent ethical/moral questions. I am not attempting to give any alternative proposals as to how to manage our economy. All the same, identification of some of the problems of our economic malaise and proposing a few ethical guidelines could be pointers and foundational bases in solving the issues at hand.<sup>3</sup>

The New Economic Policy (NEP) was introduced in July 1991 in the wake of the literal breakdown of the economy by June of 1991. We had a very serious problem at hand. The then Finance Minister acknowledged that we do not have enough foreign reserve to run the country even for two weeks! Our economy broke in terms of foreign exchange. This necessitated a series of change. Today 'Liberalization', 'globalisation', 'privatisation', 'competition', 'efficiency' and 'free market' are the melodious words we hear in our economic opera. The various policy measures taken in NEP were:

— Devaluation of Indian Rupee in two instalments.

2. V. R. Krishna Iyer, "Defend our Vintage Values from Assaults of Moneyocracy", in *Mainstream*, April 6, 1996, p. 9.

3. See John Chathanatt, S. J., "Debt and Development: Memory and Hope", in *Caritas India Quarterly*, Vol. 46, No. 2, 1996, pp. 46-54. This article on Debt and Development ... is a shorter version of the present paper.





- Reduction of subsidies in various sectors like Public Distribution System (PDS), social sectors, and agriculture.
- controlling fiscal deficit.
- balancing trade to earn and save foreign exchange.
- opening up the economy to the global market.

In order to overcome resource crunch and foreign exchange depletion, the Central Government borrowed heavily from the World Bank, International Monetary Fund (IMF), from Non Resident Indians (NRI) and other commercial sources. As a prerequisite the Government agreed to act on the Structural Adjustment Program (SAP) prescribed especially by the IMF and World Bank. And the result? Today we are the third largest indebted country in the world, after Brazil and Mexico. As of March 1995, we have accumulated a foreign debt amounting to 99.04 billion US Dollars. The debt crisis or debt trap presents a monumental moral, economic and political problem in the world as well as in India. However, the issue here is: How has the NEP worked? Has it achieved its objectives? How has it affected the poor? What is the state of our economy today? Where are we and where are we heading to at this hour of our history? These and other similar questions haunt us today.

Our finding is that "As a result of the NEP, poverty has increased, employment opportunities have declined and prices of essential commodities have gone up. There has been 80 to 200% increase in the prices of essential commodities such as wheat, rice, edible oils, sugar, salt, cooking gas, and kerosene oil during 1991-96. Supplies through the PDS have also become costlier. Hence, family budgets have more than doubled. This has hit the rural poor hardest and the life of the common man in general has become difficult and miserable."<sup>4</sup> Similar conclusion is given by yet another independent study on the impact of the NEP on the poor. In his special study S. P. Gupta says, "... in the rural and urban areas there has been a significant deterioration in the consumption shares of individuals both in the lowest three deciles and middle 4 deciles, at the gain of the top three deciles since 1990-91 (i. e. a reversal of the trend observed since 1987-88)...On the basis of the latest 1992 NSS results, we come to the conclusion that

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4. P. M. Tripathi, "New Economic Policy and Rural Development in India", *Caritas India Quarterly*, Vol. 46, No. 2, 1996, p. 3.

since the economic reform of 1991-92, the distribution of consumption both in the rural and urban sectors has deteriorated."<sup>5</sup> He further concludes, "The big jump in the rural sector from 35 per cent to 41.7 per cent of people below the poverty line is a matter of great concern. About the absolute *number of poor*, the historical trend showed a heavy reduction in number both in rural and urban areas. But between 1990-91 and 1992, the numbers are seen to rise by nearly 19.8 million".<sup>6</sup> Even in terms of the total per capita cereal consumption the physical units have gone down both in rural and urban areas between 1990-91 and 1992. This is all the more so in the rural sector. When we contrast this against the experience of east Asia and south-east Asia countries where the reduction is more than twice or thrice over last two decades, our situation presents a pitiable condition. So one can reasonably conclude that "poverty has increased as a direct consequence of the NEP."<sup>7</sup> In fact, as the present experience shows, the NEP will benefit only 15% of the affluent population, while adversely affecting the remaining 85% of our people, even more so 50% of them at the bottom.<sup>8</sup> Tripathi concludes his analysis by saying: "...it may be reiterated that the NEP has not improved the plight of the rural poor, it has rather made them poorer, diluted the impact of rural development programs in general and antipoverty programs in particular, aggravated price rise and unemployment, and on the whole, has created conditions in which the life of the common man has become more miserable."<sup>9</sup> How did it all happen? What has really happened and what is happening to us as a nation state?

### Our Immediate Past

We have been following a policy of planned economic development from the time of our independence. It was a system of mixed economy with an underlying ideology of investment and growth. By and large, the economy had a social orientation. Four decades of planning passed by and the economy reached a crisis point by 1991 in spite of our attempts at progress, develop-

5. S. P. Gupta, "Economic Reform and Its Impact on the Poor", in *Economic and Political Weekly*, June 3, 1995, p. 1296.

6. Ibid. The NSSO gives a larger increase in the number of the poor in 1992 compared to 1990-91, around 58.9 million.

7. P. M. Tripathi, *op. cit.*, p. 4.

8. Ibid., p. 4,

9. Ibid., p. 6.

ment and growth. With this crisis point, July of 1991 saw a definitive change in our planning process in favour of liberalization, globalization and privatization. A definite turn towards a capitalistic form of organizing the economy took place.

There are mixed reactions and responses to this new bend on the Indian economic road. I am going to reflect on this from the perspective of the victims, the marginalized majority of India. I state this perspective explicitly precisely because there is also a point of view of two groups who largely benefit from this new economic policy bend, namely, a) the foreign actors—the so called “developed countries”—especially of the North, the Bretton Woods sisters (IMF, WB, GATT/WTO), and the Trans National Companies; and b) the national actors—the upper elite crest within our own country who are involved in business and those who manage the state of affairs. In other words, the business executives, politicians, high level civil servants (public administrators—the public servants—and most probably the military personnel within our own borders). For these four groups of internal actors (there may be others too, and there may be possible exemptions too in these four groups), the new direction our country has undertaken may be a success story. But they remain definitely a very tiny minority. The principle of common good and social justice and the guidelines given in our Constitution urge me to stand with the vast majority of the marginalized people of India, and also on the horizon of the victims of many other countries, who are adversely affected by such planning process elsewhere. Looking at reality through their optic, a different picture is seen, a groaning sound is heard. Hence the necessity of a retrieval and reclaiming of our vintage values.

### Our Economy Today

Of the six macro regions in the world, Asia comprises one fifth of the land area but houses 58.8 per cent of the world population. Of the world population of 5.35 billions in mid-1991, South Asia alone has 1.15 billions i.e., 21.5% of the total population, in a land area of 4.6 per cent but sharing only 1.7% of world Gross National Product (GNP). The glaring contrast is felt acutely when one notices that the top 20% of the rich shares 82.7% of the wealth of the world while the poorest fifth receives a mere 1.4% of total world income. In a land area of 2.95% of the world, and



having only a mere 1.03% of World Gross Domestic Product (GDP), India houses 16.2% of the world population. While Japan has a per capita GNP of \$26,930 and U. S. that of \$22,240 India's is a mere \$330, and that of Nepal just \$180.<sup>10</sup>

First let us look at the condition of our economy since independence, in relation to the world at large. When we see that our per capita GNP in comparison with some of the advanced economies is so low we realize the injustice in the political economy of the world. Poverty is a relative phenomenon, but by any standard there is poverty and destitution in South Asia a fortiori in India. In 1950 India's population was 330 million which gradually rose to 850 in 1990 and is projected to be 1,003 million in 2000 and to 1,357 million in 2030.<sup>11</sup> Prior to the reform of 1991-92 the poverty ratios (i. e. number of poor below the poverty line expressed as a percentage of the total) were showing a heavy inter-temporal decline. Since 1991-92 this trend has been halted. Or even, as we have seen earlier, a significant reversal has taken place. Besides, when we compare the NSS findings of 1987-88, and that of 1992 we notice that the percentage allocation to food over these years has increased from 64.01 per cent in 1987-88 to 64.99 per cent in 1992 in the rural areas. This suggests an increase in poverty in rural areas. Even in terms of physical units, i. e. kg. the total per capita cereal consumption has gone down both in rural and urban areas between 1990-91 and 1992, more so in the rural sector.<sup>12</sup> This shows that today there are more people living below poverty line in India than the whole of the population of India in 1950! This is more than the total population of North America, more than the whole population of Europe put together!

In the 1950's we embarked on a programme of planned economic development. But in the early 80's we decided to increase the speed of growth. To do that we started borrowing heavily and became now the third largest indebted country in the world. Probably following dictates of the developed countries and the Bretton Woods Sisters, the developing and the "undeveloped" countries embraced the goal of unlimited economic growth linked to enchantment with the gross national product, material achievement, and high technology. Reclaiming the Gandhian

10. *World Development Report*, 1993, pp. 238-239.

11. *Ibid.*, p. 202.

12. S. P. Gupta, *op. cit.*, p. 1297.

critique of this gigantism in growth will pronounce the present process as dangerous in the long run. Ignoring humane values, what is big often courts aggressiveness. No wonder E. M. Forster is not only not fascinated by bigness, but, on the contrary, denounces it as evil: "It is the voice of vulgar mind to be thrilled by bigness, to think that a thousand square miles are a thousand times more wonderful than one square mile, and that a million square miles are almost the same as heaven."<sup>13</sup>

### The Burden of Debt

This fascination for economic development, growth and bigness, without asking the question of development for what purpose, has urged our economic planners to extend their palm to IMF, WB and other commercial lending banks resulting in an increase of our domestic debt six fold from Rs. 48,451 crores in 1980-81 to Rs. 2,79,528 crores in 1990-91. This ten year period saw the nation driven towards bankruptcy.<sup>14</sup> The condition of the external debt is not much better either. The total debt service as percentage of exports of goods and services rose from 9.3 in 1980 to 30.7 in 1991. This is an enormous increase.

### India's External Debt

Year	Amount in Billions \$	External debt as % of GDP	Debt service payments in \$ millions
1989-90		28.5	7,420
1991-92		41.0	8,250
	92.7 (Mar. '94)		
1993-94		36.3	8,293
1994-95	99.04 (Mar. '95)	33.0	10,938

Source: *Economic Survey*, 1995-96, p. 100.

India's external debt was estimated at US \$ 99.04 billion at the end of March 1995 showing a sharp increase from US \$ 92.70 billion

13. As quoted by V. R. Krishna Iyer, "Nature-Friendly Planning of Humanity's Future: Dialectics and Dynamics of Development Management", in *Economic and Political Weekly*, August 24-31, 1996, p. 2298.

14. George Fernandes, "A Statement on Industrial Policy", in *Lokayan Bulletin*, Nov-Dec. 1991, p. 24.

at the end of March 1994. India's external debt as per cent of GDP rose sharply from 28.5 per cent in 1989-90 to a peak of 41.0 per cent in 1991-92. But the ratio declined to 36.3 per cent in 1993-94 and there was a further drop to 33.0 per cent in 1994-95. Even this is too high. In spite of the enormous amount of external borrowings that took us to such a deep debt trap, the extent of poverty in India in terms of the number of people below poverty line brings us to an alarming scenario. According to the NSS survey of July-June, 1987-88, 43 per cent of our population live below poverty line. Even after decades of our planning and progress, more than the entire population of India in 1950 do not have even one good meal a day! Besides, even by the most conservative calculations we find that more than a third of our population is illiterate. According to the census of 1991 the Female literacy rate is a mere 39.29 per cent.<sup>15</sup> The Mid-term Appraisal of the Eighth Five Year Plan (1992-97) drafted by the Planning Commission gives the following important socio-economic indicators: life expectancy is a mere 59.1; percentage of households (1991) with pucca houses 41.6, toilet facility 63.9, electricity 42.4, drinking water 62.3.<sup>16</sup>

Figures could be multiplied. What do all these indicate? With the structural adjustment programs now undertaken, and the various conditionalities of IMF, World Bank, GATT/WTO etc., having been adopted, where are we heading towards? A real soul search needs to be done.

### Heading towards a Crisis

Though the average annual growth rate of GDP climbed to 5.3 per cent during the Sixth Plan period (1980-85) and 5.8 per cent during the Seventh Plan (1985-1990), the Government's savings deteriorated substantially since the mid-1980s. Since 1984-85 the government started dis-saving. By 1990-91 these dis-savings constituted 2.8 per cent of GDP. Correspondingly the fiscal deficit shot up to 10 per cent in 1989-90 and further to about 12 per cent in 1990-91. Revenue deficits were financed through borrowing. This steady increase in the deficits in the late 1980s exposed the economy to unviability. Besides, the balance of payments deteriorated continuously through the 1980s. This

15. *Economic Survey*, 1995-96, P. S-111.

16. *Mainstream*, Feb, 17, 1996, p. 28.



deterioration was primarily due to the rapid increase in interest payments. Interest payments to the external commercial borrowings and deposits by non-resident Indians (NRIs) with higher interest liabilities and shorter maturities (mostly short term borrowings) augment further borrowings resulting in the reduction of foreign exchange reserve. The external debt liability rose sharply from about \$23 billion in 1980-81 (12 per cent of the GDP) to 83.8 billion in 1990-91 (30.4 per cent of GDP). Correspondingly the debt service ratio also increased from 10 per cent in 1980-81 to 35.3 per cent in 1990-91.<sup>17</sup>

As a result of the Gulf war international oil prices also rose sharply in 1990-91. The trade balance deteriorated sharply by \$2 billion. By June of 1991 the foreign exchange reserves declined to about \$1.1 billion. These led to a crisis of confidence about the Indian economy among the international lenders. There was frantic withdrawal of non-resident Indian deposits. Added to this a number of international banks stopped honouring Indian letters of credit (LC) for import transactions. By June 1991 the annual inflation rate was upto 16 per cent and the economy was under a major crisis.

In most of the years since independence India has had Balance of Payment (BOP) problem. These BOP deficits were financed by a combination of means. Aid from advanced nations, loans from NRIs, multilateral agencies and the international banks. From the middle of 1990 these sources of funds started drying up. Growing black money, and the persistent and growing BOP deficits especially due to the Second Oil Shock of the 1990s, weakening political processes, the growing under-employment and unemployment, rising prices, the technological backwardness of economy and the persistence of poverty among other hosts of reasons expedited the crisis.

Of course there will be agents to exploit the weakness of others! Stabilization measures were initiated in July 1991. Arrangements were entered into with the International Monetary Fund to provide balance of payments support. But at what cost? What Susan George observes with respect to food aid could very well be extended to balance of payment support, "in other words,

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17. *Economic Survey*, 1995-96, pp 100-102.

in exchange for giving up their power of decision and a large degree of political and economic autonomy..."<sup>18</sup>

Temporary relief was merely brought into the ailing Indian economy. But in the process of healing, the Swaraj of which Gandhiji spoke so dearly also slowly started evaporating. Political, economic and imperialistic strings were too obvious to be hidden. The relief itself has become the burden today; the medical cure sought has brought in more serious and new sicknesses!

Various economic reform measures were brought in: deregulation of the market, removal of the controls on foreign trade, reduction of tariffs even on luxury items, dismantling the licensing of domestic investment, and above all the devaluation of the currency. In spite of all these measures we are still in economic danger. Though the overall fiscal deficit of the government which was 12.2 per cent of GDP in 1990-91 declined to 11.1 per cent in 1994-95, the revenue deficit has actually increased from 4.5 per cent of GDP in 1990-91 to 4.6 per cent in 1994-95. Similarly, though the external debt service ratio has declined from 35 per cent in 1990-91 to 27 per cent in 1994-95, the total external debt to GDP ratio has increased from 30.4 per cent to 32.9 per cent. The World Debt Table, 1994-95 of the World Bank shows India's total external debt as percentage of GNP as 36.3.<sup>19</sup> This is too high to be handled by an economy without doing injustice to its people.

The expenditure pattern of our government in key sectors like education, health and defense would show the priorities set. Though over the years one would see a reduction in the allocation of resources in defense as percentage of total expenditure, from 26.2 in 1972 to 17.0 in 1991, nevertheless, even this 12 per cent is too high. Education gets a mere 2.5 percentage of the total expenditure in 1991, while health gets a meager 1.6 in 1991. The sharp contrast needs to be kept in mind: the crushing poverty of the masses versus the great wealth of the elite, the steady growth of the gap between these groups. There is a continuous flow of resources from the masses to the minority elite. This is true in the international arena too. In 1960 the richest 20% of the world's population received 70% of the total world income. Their share

18. *How the Other Half Dies*, p. 212.

19' As given in *Economic Survey*, 1995-96, p. 102.

of wealth increased to 82.7% in 1989. Whereas the poorest 20% received 2.3% of total world income in 1960; their share decreased to 1.6% in 1989. The data would speak louder than words concerning the growth pattern of the global village.

India's social beauty could be elaborated further: 1.3 million children die of disease which could have been prevented by immunization. Five and a half lakhs of God's people die of T. B. every year in India. 5 lakhs get infected by leprosy; one third of the leprosy patients in the world are in India. By 2000 we will have the largest number of illiterates and the largest number of graduates unemployed. India ranks 115th with respect to GNP spent on education. In import of weapons, unemployment and total number of illiterates India ranks number one! Very soon India will be number one in total number of unemployed graduates.

The following proposition may capture the condition of India today.

1. In India, we are now living in a densely populated country of people living in poverty, ignorance and ill-health and by and large exploited by our own people and outsiders.

2. The massive poverty of India could be explained by the subservient nature of Indian economy as tributary to the economic rivers of the industrialized nations especially of the West, and to the already wealthy baskets of the rich elite in India itself. This subtle form of imperialism, neo-colonialism and interior-colonization is reinforced by the designs of the World Bank, the IMF, and GATT which has now become WTO, along with our own colonial past and socio-cultural mechanisms, and more importantly of internal structural factors.

The analysis of George Soares-Prabhu is extremely perceptive: "Cultural factors (the 'other worldliness' and extreme individualism of Hinduism, the apathy induced by a fatalistic understanding of the doctrine of karma, the stagnation and social immobility which results from the rigid and oppressive system of caste) no doubt play a very significant part." Besides, "structural factors — the system of economic and political relationships whereby at the international and the national levels a tiny minority of the 'rich' control and exploit masses of the poor (FRANK 1966; NYERERE 1970; HOUTART 1975; WARD 1964)" are probably more important in reinforcing this appalling situation which affects not

only India but all the poorer nations of the world.<sup>20</sup> Soares-Prabhu continues his diagnosis: "The root cause of India's massive poverty is therefore INJUSTICE. India's under-development (and this is true of the rest of the third world too) is a historical and a dialectical process. It is historical because the poverty of the underdeveloped countries is the consequence of specific historical conditions: colonialism. It is a dialectical process in the sense that poverty and wealth are correlated. It is because there are rich countries that some are poor, and within our country, the masses are poor because they have been deprived of their basic needs and rights by the concentration of wealth in the hands of a tiny minority."<sup>21</sup> The prophetic indictment is too obvious to be commented upon. Years ago Adam Smith, the father of economics, predicted: "Wherever there is great property, there is great inequality. For one very rich man, there must be at least 500 poor, and the affluence of the rich supposes the indigence of the many." The intuitive affirmation is proved to be correct. Krishna Iyer's perceptive remarks is very appropriate, and hence, I quote him at length: "Materialist incentive, labelled capitalist or socialist, is sure to exceed the norms of social justice, unless the imperatives of global survival are accepted by the sensitized engineers of science and technology and managers of planned progress."

Long ago, the pitiless march of profit making big business was described by an English trade unionist whom Karl Marx quoted in his *Capital*:

With adequate profit, capital is very bold, a certain 10 per cent will ensure its employment anywhere; 20 per cent certain will produce eagerness; 50 per cent, positive audacity; 100 per cent will make it ready to trample on all human laws; 300 per cent and there is not a crime at which it will scruple, nor a risk it will not run, even to the chance of its owner being hanged. If turbulence and strife will bring a profit, it will freely encourage both."<sup>22</sup>

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20. George Soares-Prabhu, S. J. "Jesus and Social Justice", in *Basic Community Service Library*, p. 1.

21. BARRETO 1976: 4, Ibid. p. 2.

22. V. R. Krishna Iyer, "Nature-Friendly Planning of Humanity's Future: Dialectics and Dynamics of Development Management" in *Economic and Political Weekly*, August 24-31, 1996, pp. 2297-98.



3. There exists a hidden agenda. Investment, growth, market mechanism, liberalization, privatisation, globalisation and competition are thought of as gods of economic redemption, development and progress. On the other hand, they can work as subtle mechanisms of surplus extraction in order to limit and contain the real economic growth of developing countries and thus reduce competition. Surplus generated would be expropriated in large part by foreign capital, or otherwise spent on luxury items. Two of the six IMF conditionalities would precisely do this. These two conditionalities are: abolish or liberalize foreign exchange restrictions (this allows a foreign firm to send its profits out of the country without reinvesting it) and abolish or liberalize import restrictions (this allows luxury and non-essential goods from industrialized countries to be imported and to compete with local industries). These are attempts to blunt and slowly destroy competition. Competition within the country is not encouraged either. So there is the creation of a situation wherein not competition but dictation becomes the rule of the game. In this situation to get things done it is a question of who gives the highest pay off. Internal competition is restricted to the political sphere. Speaking on another terrain, in his convocation address at Shivaji University, Kolhapur, February 13, 1996, Krishna Iyer gives expression to his perturbed conscience, "Reflecting with a disturbed conscience, I sometimes wonder whether the volte face from a socialistic pattern to an IMF-structured acquisitive society with heartless conditionalities is a contra-constitutional coup, or a myopic blunder of our leaders under yankee commercial-military pressures."<sup>23</sup>

4. One needs to question the total reliance on an investment-growth oriented pattern of economic development, and hence challenge the adoption of a policy of allurements of foreign capital at any cost. We need to define clear goals and appropriate means in a planned development process. It is necessary therefore to clearly define our ends first, we cannot reject the long-term needs of humanity and its well-being in the biosphere in any developmental process. The purpose and end of development, terms of harmony with nature need to be spelt out clearly. Otherwise, "corporate materialist gluttony", callous mechanization and technocentrism without a human face, high-tech chemicalisation and mega

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23. *Mainstream*, April 6, 1996, p. 11.

projects insensitive to people's life and abode become the rule of the day.

5. There is the necessity of restructuring the international Financial Institutions. In a study done by a working group of the Debt Crisis Network the root cause of the debt crisis is attributed to the growth model ideology of the financial system as such: "The roots of the international debt crisis penetrate to the core of the international financial system: the ideology of its founders and their preferred growth models; and the decades-long practices of bankers, elites, and government technocrats. These groups of individuals, like actors in a Greek tragedy, are well aware that their actions are contributing towards disaster, but none acts to alter its behavior ... The time is long past for cosmetic changes. The entire system is in drastic need of reconstruction."<sup>24</sup>

6. Given the primacy to the multinationals, India has already entered the state of neo-colonial dependency. Sometimes one wonders where the interests of our elites lie. In the international bargaining table, there seems to be only one side! Are we slowly becoming strangers in our own land? Entry of many of the TNCs into the Indian market is through takeover of an existing Indian firm. Many a time acquisition done at low prices, even to the surprise of most multinationals, "cuts down the time to set up a business from scratch and provides access to production capacity, managers, organizational capabilities, distribution channels etc. at one stroke, substantially cutting down the time to effect a successful entry. It is not astonishing, therefore if, in the post 1991 period, TNCs began to play an increasing role in merger and amalgamation activity. Since 1991, about 30 to 40 per cent of takeovers were by TNCs, most of which were directed to consolidate their hold on respective market."<sup>25</sup>

7. There is a policy of misleading secrecy. Whether it is in the case of Dunkel report, the Five Year Plans, inflation rates, arms race, or various conditionalities of IMF, or the World Bank, the real facts are hidden from the public. The IMF loan agreement together with the World Bank structural adjustment loan (SAC) signed in December 1991 of which the contents and conditions

24. From *Debt to Development*, p. 34.

25. P. Gueriviere, "Transnationals in India: Agents of Prosperity or Impoverishment", in *Caritas India Quarterly*, Vol. 46, No. 2, 1996, p. 26.

were a closely guarded state secret. They were intended to help India alleviate its BOP. But the IMF-WB package accomplished exactly the opposite. It pushed the economy into stagnation. The IMF proposed solution became the cause of the disease of debt.

8. There seems to be the collapse of the "Third Way" of thinking and organizing economic and social affairs, different from capitalist or state socialist ways. There is erosion of alternative power centers, erosion of alternative economic management, erosion of alternative counter cultures.

The prominent political analyst, Rajni Kothari correctly observes: "What lies behind is a consolidation of imperial era, or world capitalism, and techno-hegemony, the displacement of political management and control by a technocratic elite. This could affect in the displacement of cultures too by a non-culture."

9. There is the breakdown of the accountability system and lack of responsibility for the future generations. Earlier economic questions and policy measures were debated and discussed in the parliament. Mechanisms and nuances were spelled out. Now distractions are introduced to keep the elected members busy. The mounting debt is becoming almost a "death trap" and makes one wonder, whether the guardians of our democracy and economy can bind a future generation to a responsibility of having to pay a debt to which they were not party to decide and most of them may not be even benefiting by it?

10. There is a misplaced humanism. There is a growing conviction today of "having more" would enable one "to be more". Hence there is a rush for wealth. Wealth brings power, prestige and domination. Power essentially refers to the ability to command or control the behaviour of others.

11. Institutionalization of corruption is another aspect of the NEP. P. M. Tripathi correctly points out: "... There has been tremendous amount of corruption at the top as a consequence of the NEP. There have been scams after scams, there have been underhand dealings in permitting multinational in different sectors, and there has been corruption in disposing of securities, in privatizing public sector undertakings, and giving public sector assets to private sector. Since corruption at the top has increased by leaps and bounds, it has adversely affected the society and the bureaucracy at lower levels as well. In this situation, it is but natural for

the anti-poverty and rural development programmes to be affected by the corruption virus even more seriously.<sup>26</sup>

1.2 And finally, the NEP has landed us into confusion. It seems to be a directionless movement in the planning process. What kind of a society, and nation, and country we want to rebuild? How do we eradicate widespread poverty? By what time shall we ensure at least minimum basic needs for our people? A multinational donor is not interested in developing indigenous talent. They are interested only in selling their goods. Or late multinational organizations are particularly active in the areas of culture. "Invasion from the skies" is a new phrase and a new phenomenon that is very much operative with the basic idea of creation of incessant wants. Our fascination with "bigness and foreign" comes in handy for the transnational operators to sell their outdated technological products at much higher prices than are available in their own home markets. With the collusion of our decision makers what ought to be sold as scrap materials in their home bases comes in here as "technology transfer". The common person is confused and becomes a victim of enormous debt. Self interest and personal profit seem to be the only criterion for any new planning process in the country; the common good and the public need seem to have evaporated from the planning process itself. The expropriation of profit by the top few and the sharing of loss with the masses (e.g. sugar scam) seem to be the operating principle. And thus poverty becomes the very creation of the wealthy. The deprivation and powerlessness and marginalisation wound the whole society.

### Some Value Guidelines

Mahatma Gandhi laid down a basic principle that was to shape and guide our economic policy and development strategy in the past: "I will give you a Talisman. Whenever you are in doubt or the self becomes too much with you, apply the following test: Recall the face of the poorest and weakest man you have seen and ask yourself if the step you contemplate is going to be of any use to him; will he gain anything by it? Will it restore to him control

26. P. M. Tripathi, "New Economic Policy and Rural Development in India" in *Caracas India Quarterly*, Vol. 46, No. 2, 1968, p. 5.



over his own life and destiny? In other words, will it lead to despair for the hungry and spiritually starving millions?"

Swahili means for us an integral development wherein the dignity and sacredness of every person is realized in a community through inter-human relationships. One becomes an authentic person only in one's becoming being with the other. The following parameters could be identified as essential to integral development:

- integral development is at the service of all human beings
- it puts people first in terms of participation and self-reliance.
- it is concerned about and pays special attention to the equal role of both men and women in the process of development.
- it is concerned about "being more" rather than "having more".
- it requires to put high regard for the dignity and sacredness of every human person irrespective of birth, religion, caste or socio-economic status.
- it requires deep respect for all human due human, and respects all human rights and is itself treated as a human right.
- integral development anywhere requires integral development everywhere.
- it is linked to justice, peace, harmony, freedom and truth.
- it recognizes that the goods on earth are meant for all.
- it puts high priority on agriculture.
- it is eco-sensitive.
- it respects various cultural values.
- it requires a preferential treatment of the marginalized, the broken and the displaced ones.
- it is dialogical and sensitive to religious sentiments.
- it is a religious task in the sense of cooperating in the work of ongoing creation.

## A New World Order

The world needs today more than ever a new order that will set priorities to people in order based on truth, built on justice and graced by love. We are in a better position today to deal with the problem of poverty, debt, and related issues. Technology has indicated the possibility of increased productivity and the liquidation of poverty. The reason that massive poverty still remains in the world is precisely because of the absence of justice, love, care and

concern. When the earth is "a miraculously multiplying loaf of bread to be broken among all God's children"<sup>28</sup>, the prevalence of poverty is because of the subtle and continuous appropriation of the fruit of this multiplier effect by a tiny minority of the rich elite. This continuous flow is sustained by the subtle mechanisms of policy decisions adopted by the ruling elite. "Poverty in Asia is essentially human-made and historical. Created by the unjust structures of society, it is the by-product of wealth, the fruit of exploitation and injustice."<sup>29</sup> Hence misuse of the world's resources or appropriation of them by a minority of the world's population is a betrayal of the gift of creation that is given to all. The poverty of the masses and the riches of the elite few reminds me of Charles Dickens in the *Tale of two Cities*:

It was the best of times, it was the worst of times.  
 It was the age of wisdom, it was the age of foolishness.  
 It was the epoch of belief, it was the epoch of incredulity.  
 It was the season of Light, it was the season of Darkness.  
 It was the spring of hope, it was the winter of despair.  
 We had everything before us, we had nothing before us.  
 We were all going direct to Heaven, we were all going direct  
 the other way.<sup>30</sup>

Dickens would have repeated these lines even today, with more pain in his heart, perhaps!

### A Shift in Priorities

As a relational, corporate being a person is made for friendship, community and public life, and achieve self-realization in interaction with another. We need the guidance of the norm of at least basic justice in all our interactions. This basic justice, identified in terms of commutative, distributive and social justice, calls for the establishment of a floor of material well-being on which all can stand. This is the duty of the whole society, and it is a particular obligation of those with greater resources. This duty calls into question extreme inequalities of income and consumption when so many lack the basic necessities of life. This implies that

28. Samuel Rayan, *Jeevadhara*, Vol. XXV, No. 147.

29. Poullose Mar Poullose, "God's Economy and Church's Response", in *Jeevadhara*, May 1995.

30. As quoted by V. R. Krishna Iyer, "Defend Our Vintage Values from Assaults of Moneyocracy", *Mainstream*, April 6, 1996. p. 10.

we must examine our way of living in the light of the needs of the poor by whether their basic needs are met. Deprivation and powerlessness of one section of society wounds the whole community. Hence extreme form of inequality and the absence of the very basic necessities of life in terms of food, shelter, clothing, and medical care are morally unacceptable. The way a society or a polity responds to the needs of the broken and the marginalized ones through public policies is the litmus test of the presence or absence of justice in that society and the litmus test of democracy itself.

Once Rabindranath Tagore asked Gandhi, "Gandhiji, are you so unromantic? When in the early dawn, the morning sun rises, does it not fill your heart with joy to see its reddish glow? When the birds sing, does not your heart thrill with its divine music? When the rose opens its petals and blooms in the garden does its sight not bring cheer to your heart?" The Mahatma replied: "Gurudev, I am not so dumb or insensitive, as not to be moved by the beauty of the rose or the morning rays of the sun or the divine music of the birds. But what can I do? My one desire, my one anxiety, my one ambition is, when shall I see the red tint of the rose on the cheeks of hungry naked millions of my people? When shall I hear the sweet and melodious song of the birds in the place of their agonizing sighs? When will such music come out of their soul and when will that day come when the light of the morning sun will illumine the heart of the common man in India? When will I see its lustre and brightness on his face?"<sup>31</sup> The priorities of Gandhi are obvious.

In the *Times of India* of March 28, 1996 there is an article by Mahbub ul Haq, a famous economist from Pakistan, titled "If people sleep on pavements, should ministers shop for modern jets?" He says, "The Soviet Union collapsed because it could not feed people; all its tanks, submarines (and nuclear devices) and secret services meant nothing. Today India has the largest number of poor people in the world." India is the number one arms purchaser in the world. Do we need them? This is a moral question for us. "Despite the crushing poverty of their respective populations, the two countries, India and Pakistan, are spending \$ 20 billion a

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31. As quoted by V. R. Krishna Iyer, "Defend Our Vintage Values from Assaults of Moneyocracy", in *Mainstream*, April 6, 1996, p. 7.

year on defense, twice as much as Saudi Arabia, a country 25 times wealthier. Both countries have six times more soldiers than doctors." The scale of human deprivation and human despair is tremendous. How are we entering into the threshold of the 21st century? Or are we even prepared to enter into a new century? One would very well agree with Mahbub ul Haq that it is time today that people do a "bypass operation" around reluctant politicians and bureaucrats and take the destiny of the country in their own hands.

On his visit to Africa last year, Pope John Paul II pronounced that "the indebtedness of poor nations towards rich ones is a matter of great concern for the Church". In an unprecedented move, the Pope named the IMF and the World Bank as major culprits and called upon bishops in industrialized countries to take up the issue. Today the poor countries are made poorer. Poverty is not an accident! Debt is now the biggest obstacle to development in the poor world. It has already become a death trap. Shouldn't those donors who dole out "aid" without, perhaps, checking the credibility of those who receive the aid also be held for irresponsible behaviour? At this juncture of history, as we are in the threshold of the twenty-first century, a bold question may be asked: Shouldn't the year 2000 be proclaimed and accepted as a Jubilee Year?

Article 16 of our Indian Constitution guarantees equality in all spheres of life. In the economic sphere, "there shall be equality of opportunity for all citizens in matters relating to employment". Article 38 states: "The state shall try to promote the welfare of the people by securing and protecting effectively a social order in which justice shall inform all the institutions of national life." Further, "the state shall strive to minimize the inequalities in income."

At the global level, the aspiration of humankind to make our world a just one is given expression in the United Nations' Universal Declaration of Human Rights. Article I proclaims: "All human beings are born free and equal in dignity and rights". The question is: are we? Article 23 emphasizes that everyone has the right to work, right to equal pay for equal work, right to just wage which ensure for oneself and family an existence worthy of human dignity. Article 25 ensures the right to a standard of living adequate for the



health and well-being of oneself and the family including food, clothing, housing, medical care etc.

We do not lack directives! But a fundamental shift in the mindset, attitude and orientation need to take place. Because the freedom and dignity of human beings largely depend upon the regulatory system of the economy. A renewed consciousness of our inter-human relatedness manifested through a social spirituality is the need of the hour.

### Conclusion

Human consciousness has come to accept certain values for the economic life. From our analysis the following points could be enumerated:

1. Every person is sacred and should be treated with dignity and equality.
2. Every economic system or economic decision must be judged in the light of whether it protects or undermines the dignity of the human person.
3. All people have a right to participate in the economic life of the society as equals.
4. All members of the society have a special obligation to the marginalized.
5. The objective of the economic institutions must be common good, not self-interest.
6. There can be no common good without justice.

Economic justice involves equality in opportunities, distribution of wealth, participation and preferential treatment for the weak, the infirm and the marginalized.

All these could be reduced into three priority principles:

1. The needs of the poor take priority over the wants of the rich.
2. The freedom of the dominated takes priority over the liberty of the powerful.
3. The participation of marginalized groups takes priority over the preservation of an order which excludes them.<sup>32</sup>

Then in a situation that seems hopeless, where is the hope? Tagore once said: "Every child that is born into the universe is a

32. David Hollenbach, *Claims and Conflict*, p. 204.

manifestation that God is not frustrated with us." Then definitely God is not frustrated with India! 23 million times a year God says that there is hope in India. It is not something just utopic. The World Bank in a report on "Wealth of nations" has pointed out, after studying 160 countries, that 16 per cent of the wealth world-wide comes from physical capital (buildings, roads, machineries), and 20 per cent from natural capital (minerals, forests and other resources). A fulsome 64 per cent of the wealth of nations is human capital (Mohbub ul Haq, op. cit.).

In our broken world tragically divided by various forms of injustice, personal and structural, built into economic, social, religious or political structures that dominate the life of individuals and nations and the international community, reconciliation, peace and communion cannot be brought about without an order, as I have said earlier, founded on truth, built on justice and graced by love. I would like to conclude by quoting Gandhi's vision of India, that could very well be applied to any other country in the world. "I work for an India, in which the poorest shall feel that it is their country in whose making they have an effective voice; an India in which there shall be no high class and low class of people; an India in which all communities shall live in perfect harmony. There can be no room in such an India for the curse of untouchability or the curse of intoxicating drinks and drugs. Women will enjoy the same rights as men, since we shall be at peace with all the rest of the world, neither exploiting, nor being exploited, we shall have the smallest army imaginable. All interests not in conflict with the interests of the dumb millions will be scrupulously respected, whether foreign or indigenous. Personally, I hate the distinction between foreign and indigenous. This is the India of my dreams."<sup>33</sup>

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33. *Young India*, September 10, 1931.

# Impact of Tourism on the 'Ethics' of Developing Countries

The author discusses various morally relevant aspects of tourism; its theological basis, advantages, disadvantages and especially its moral ill effects which include various types of sexual offences, drug abuse and ecological degradation. At the same time, tourism is a global reality, the significance and popularity of which cannot be ignored. Therefore, certain remedial measures are proposed at various levels (individual, governmental, ecclesial, global) for effectively countering the damaging effects of tourism industry.

## Introduction

At the annual meeting of The Association of Moral Theologians of India, held at Pilar, Goa in October 1995, they chose the theme of *Globalisation and Ethics* to be studied, presented and fruitfully discussed at the next meeting at Kottayam, Kerala, in October 1996. Since Goa was very much affected by tourism, and I hailed from Goa, it was felt that I should present a study paper on 'Impact of Tourism on the Ethics of Developing Countries'. While I was collecting the material from various sources and gathering suggestions from different resource persons, one of them remarked: "O, at last, you have made it. We are happy that at least, the Moral Theologians of India are waking up from deep slumber, getting themselves aware of this important and largely neglected issue of Tourism and the impact it has created on the ethics of the people of the developing nations".

This paper, after having clarified the terms used, will analyse the theological foundation of tourism and its effects, will assess them and propose remedies for urgent and swift action in order to cause public awareness and save the situation. Finally, proposals will be made for a direct Church action.

## 1. Clarification of Terms

### 1.1. Tourism

The word Tourism comes from the French word *Tour* which

has its own origin in Latin. In Latin *tornus* means a turn. Tour, therefore, is a journey in which one returns to the starting point: a circular trip usually for pleasure or culture during which various places are visited and for which an itinerary is often planned.<sup>1</sup> Tourism, consequently, is the practice of touring and a tourist is the one who travels from place to place for pleasure or for culture. Pleasure can include recreation, entertainment and sports. Under culture can come folklore, music, art, the lifestyle of the people, their food habits, language, customs and education.

## 1.2. Ethics

The word 'ethics' by long technical usage has been limited to the philosophical normative science which judges the human conduct to be right or wrong, to be good or bad. It seeks to set norms or standards for conduct. It is concerned with what men 'ought' to do. W. D. Ross tried to show that ethics prescribing a number of independent duties was superior to utilitarianism.<sup>2</sup>

A crucial question of normative ethics is whether actions are to be judged right or wrong solely on the basis of their consequences. Traditionally, those theories that judge actions by their consequences have been known as teleological theories, while those that judge actions according to whether they fall under a rule or not have been referred to as deontological theories.

These various theories will not be discussed here as they are beyond the aim of this limited paper. Yet a reference to utilitarianism would not be out of place since this seems to be the theory behind the whole promotion of modern tourism. The simplest form of consequentialism is the classical utilitarianism which holds that every action is to be judged as good or bad according to whether it serves to increase the net balance of pleasure over pain or, if that is impossible, to limit its unavoidable decrease. This is often called hedonistic Utilitarianism.

This system by itself leads towards globalisation of ethics. Being a system that advocates the most possible pleasure to the greatest possible number of people through the least possible effort, it is bound to be easily adopted by most people.

<sup>1</sup>. Webster's Third New International Dictionary, 1986, Vol. II, pp. 2416-2417

<sup>2</sup>. W. D. Ross, "Ethics" in *The New Encyclopaedia Britannica* (Macropædia) Chicago, 1991, Vol. 18, p. 514.



R. M. Hare's interpretation of universalizability says that for a judgement to be universalizable it must prescribe what is most in accord with the preferences of those who are affected. Classical utilitarianism endeavours to maximise pleasure or happiness. The attraction of such a view lies partly in the way in which it avoids making judgements about what is intrinsically good and appeals to the desires that people or sentient beings generally do have.<sup>3</sup>

From normative ethical theories, which had a universal focus, humankind has, in one leap, entered into ethical egoism. Ethical egoism suggests that one should consider the consequences of one's own actions for one's own interests. This reduces any possible conflict between morality and self-interest.<sup>4</sup>

Two types of egoism are noted: The individual egoist says: "Everyone should do what is in my interest". This egoism is incapable of being couched in a universalizable form, and it is arguably not a form of ethical egoism. Universal egoism is based on the principle: "Everyone should do what is in her/his own interest". This principle is universalizable, since it contains no reference to any particular individual and it is clearly an ethical principle. Others may be disposed to accept it because it appears to offer them the surest way of furthering their own interest.<sup>5</sup>

Such an approach conflicts with the universal pattern of behaviour — a behaviour which was guided by a definite set of values maintaining the dignity of man and harmony between various groups of people and leading the human to respect creation and above all to accept the Lordship of God.

Tourism, which runs counter to this pattern, is not only an industry lacking in values but also demeaning to man and woman and the rest of creation and blasphemous to God.

## 2. Theological Foundation of Tourism

### 2.1. Travelling in General

The term 'holiday' which is so closely connected with tourism, is derived from 'holy day', which is associated with religious observances. We find in the Decalogue (Exodus and Deuteronomy) two versions regarding the third commandment, whatever may be the reason for the differences, the holy day

3. R. M. Hare *ibid.*

4. *Ibid.*

5. *Ibid.*

(Sabbath) was to be a day of rest consecrated to God (cf. *Ex. 20: 11; Dt. 5: 14*). This dates back to the times of creation when God rested after having worked for six days: "So God blessed the seventh day and made it holy, because on it, he rested from all the work he had done in creation" (*Gen. 2: 3*).

Traditionally the rest day was a day of respite from the humdrum of life. One usually devoted the day to the higher things in life. Only slaves were denied this rest day holiday.<sup>6</sup>

However, over the years, the concept of holiday lost its close association with religion and got dressed in a secular garb. Nevertheless, people continue to cherish the importance of a holiday as a very useful means of relaxation, refreshment and re-creation of one's energies.

## 2.2. Holiday — Travel

In this regard holiday-travel could be a means of change of environment to banish fatigue and tensions. It could be an opportunity for one to come closer to nature, self, one-another and God.

People travel for various reasons. In the past people went out for the sheer excitement of seeing other cultures to learn or spread religious beliefs, to study art and manufacturing skills. With technological advances in transport, new horizons and vistas opened up and people changed their perspectives as a result of travel.

Travellers or tourists today do not go out so much to learn from others or to share with others, but to extract the maximum pleasure by lavishly consuming the natural resources and by exploiting the human weaknesses and needs.

There is also a change in the mode of transportation. Our ancestors travelled in canoes and local ships, on horses and camels, in carts and other primitive vehicles. Today we have high speed modes of technological transportation. Travel is an essential ingredient of tourism but travel cannot be equated with tourism.<sup>7</sup>

6. D. Mendis, "Theological Reflection on Tourism", in *Liberating Discovery, an Asian Enquiry into Theological Reflection on Tourism*, ed. by Koson Srisang, Dankok, 1986, p. 120.

7. L. Tevi, "Third World People and Tourism in Ecumenical Experience", in *Third World People and Tourism, Approaches to a Dialogue*. The Ecumenical

### 2.3. Christian Travel

Every Christian is a traveller, a pilgrim. Even Jesus was a traveller. He undertook the great journey from heaven to earth and while on earth he was perennially on the move. He was born while travelling. For his ministry, he went from village to village at times sailing across lakes. He was a typical 'sanyasi — tourist' since he had no place to 'lay his head'. He met people — Gentiles and Jews, children and adults, men and women, rabbis and commoners, sinners, publicans and prostitutes — and consoled, healed and blessed them. He also was tuned to the simplicity of the people's faith. Thus every time Jesus stole away from the crowds, it was to relax and get refreshed with his Father, to share what he received from Him.<sup>8</sup>

In this encounter of Jesus with mankind there was a high respect for man and woman in the situation in which he found them. There was a touch of gentleness in his approach even when he encountered people of reproachable character who had to be brought to right path as was the case of the adulterous woman or of the Samaritan woman.

### 2.4. Relaxation — Leisure

Relaxation, leisure, is not merely a physical need; it is also a spiritual necessity. Leisure is more a state of being where 'time' is viewed as an important means *to be* and *not* so much as an opportunity to do. A true appreciation of the value of being, as opposed to doing, requires a deep faith in God who accepts and loves people not because they have merited God's love by their work and effort, but simply because they ARE. At its best, leisure is an acceptable time when God invites one to 'be still' and reflect in one's self and one's life, in His holy presence. God often speaks to people in the sound of silence: "Be still and know that I am God" (Ps. 46: 10). In such a state of relaxed security, one is able to heighten the perception of oneself and steep oneself in the whole of creation in a spirit of reverential awe and wonder, experience a sense of inner unity and harmony and find God in all things.<sup>9</sup> Thus leisure is vitally important for a truly balanced celebration of life.

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Coalition on Third World Tourism (ECTWT), Bangkok, and Third World Tourism Ecumenical European Network (TEN), Stuttgart, 1986, p. 103

8. D. Mendis, *ibid*, p. 124

9. *Ibid.*, p. 122.

There can be a situation where we may come across some truths which are difficult to grasp. In such a case a pilgrimage could do the needful because we could seek explanation of these truths from the experiences of others. Tourism could provide an essential break in this regard.

However, tourism as practised today often is devoid of such opportunities. Instead, it ends with: 'I went, I saw, I photographed, I left behind my garbage, I returned home.'

It is a sad fact that modern tourism involves a total lack of sense of God, making it mundane and hedonistic. Ron O'Grady writes: Regrettably modern tourism (especially in the Third World) is so organised as to insulate the traveller and host from meeting God in each other. Tourists are rather encouraged to take a holiday from God.<sup>10</sup>

### 3. Effects of Tourism

#### 3.1. The Good effects

Every phenomenon has its effects, good and bad. Theoretically speaking, one could mention so many good effects: cultural exchange, building up of relationship with other nations, learning the local situation and gaining a lot of insights from the life-style of other peoples integrating the spirituality and other values of the visited nations into one's own life, and vice versa, helping the have-nots, bringing of foreign exchange and creation of new jobs.

These good effects, presumed or otherwise, are outnumbered, to a very large extent, by the ill-effects of this corroding tourism industry.

#### 3.2. The Ill Effects

##### 3.2.1. *The Village Ethos of the People*

The traditional villages in the developing countries had a very harmonious set-up. Both the environment and the life-style made a good blend to make these villages places worth living. The people, engaged in some productive activity or other would keep themselves busy and contribute towards the economy. Besides, a sense of community prevailed bringing them together at various happy and sad moments in their life. The communitarian work also would lead them to some creative artistic activity. The rich repertoire of folk dances and songs had its roots in such activities.

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10. In S. Ai Park, "Theological Reflection on Tourism", *ibid.*, p. 82.



All this life building and community building came to a stand still with the advent of tourism. This has affected not only the community spirit in the villages but also the very fabric of families.

In the villages, especially along the coast life has been disrupted by the abandonment of professions like cultivation of paddy, horticulture, sugarcane, toddy-tapping from coconut trees, cashew plantation and fishing.<sup>11</sup> These professions, besides engaging the villagers in creative activity, were lucrative even in terms of foreign exchange.

The people in the villages have completely lost the sense of working in solidarity. They do not have community spirit any more. They have become more self-centred — they try to earn as much as they can become involved in shady deals. Fish and local fruits, for example, are being sold at exorbitant prices and yet they find markets, because the tourists and the hotels will buy them. The locals simply cannot afford to buy fruit and fish. There is an atmosphere of distrust and tension which many a time has spoilt harmony and peace that people enjoyed very much prior to the tourism industry in their locality.

### 3.2.2. *The Family Life*

Another effect of tourism, which one perceives and which causes a great deal of pain and suffering at human level, is the tragedy in the families.

In the developing countries the family ties are the most sacrosanct ties. Families living together was a common scene till the recent past. The sight of husband and wife together with their children and other members of the household, was impressive and inspiring.

The scene, however, came to change dramatically from the time the economic boom began. Jobs outside the home country, shifts in the workplace, ladies of the house holding jobs outside the home, spread of education and industrialisation surely put stress and strain on the family. The tight bonds holding them together began to disintegrate.

11. E. Hong, *The Third World While It Lasts, The Social And Environmental Impact Of Tourism With Special Reference To Malaysia*, Consumers' Association of Penang, Malaysia, 1985, p. 47.

"Tourism In Goa, Its Implications"—A Report by The Sub-Committee of the Diocesan Pastoral Council, Goa, May 1988, p. 4.

With the advent of tourism, however this crisis deepened. Husbands, wives, fathers, sons, daughters came to hold jobs which are irregular and which change family customs. This has brought about family conflicts, which ultimately have led to family and human crises. Children have abandoned their parents and have been co-habiting with either locals or foreigners.

Some families rent their houses to the tourists, who offer them a goodly sum and they themselves live in a small room, which is the kitchen, store room, bedroom and sitting room, all in one. This is unhygienic, to say the least. At its worst, it is exposing innocent lives to the human depravity expressed in the distorted use of sex and other addictions.

### 3.2.3. *Prostitution and Sex Abuse*

a) *Female Prostitution:* The tourism industry has given a boost to this world's oldest profession. The villages hosting the mass of the tourists have been transformed into brothels. It is true that prostitution has always been there. But it never enjoyed the respectability that this industry gave it. The high style of living and the lucrative aspect have made this profession attractive to women and girls, who otherwise would have shunned it.

The cascading effect of such an occupation is that there are many others who play the role of extortionists, such as the police, hotel and club owners, tour operators, guides, convention organisers and pimps.

b) *Male Prostitution:* Another effect of such an industry is that male prostitution which was considered a taboo till recent past came to raise its ugly face. Tourists are seen loitering on bikes with young boys. These boys accompany them everywhere: for sightseeing, for dining and for entertainments and finally share the same bed. Many young lads, fascinated by such a behaviour, become literally addicted to this way of life. And it goes on when the foreigner sends his friend to the boy already initiated in this muck. Such was the case with the Philippines; so is it in Sri Lanka. Both these countries are firmly on the map as centres of male prostitution. Now it seems to be the turn of Goa, according to the latest report of ECPAT.<sup>12</sup>

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12. End Child Prostitution in Asian Tourism, J. O'Connell Davidson and J. Sanchez Taylor's report at the congress of Sweden, 1995,

c) *Paedophilia*: Another curse promoted by tourist is paedophilia. There is an increasingly visible sex tourism linked to the massive growth of tourism focusing on children, their families and their communities. Children are sold, coerced and enslaved into the brothels and entertainment places of international tourism.<sup>13</sup> The spread of AIDS has alarmed everyone — and for those engaging themselves in sex for pleasure only children are risk free. Even these are not spared from the clutches of man's inhumanity. And the process of enticing them is very subtle. Easily malleable because of their simplicity, children are drawn into this trade allured by protection deceptively promised by the paedophiles, by assurance of financial grants for their uplift, for sports complex, uniforms and travelling expenses. Many have fallen prey to such depraved machinations, and the offences are not simply instinctive. There is a careful planning behind the scenes — planning that goes from sheltering them in a kind of orphanage, taking their nude photographs, advertising for their possible clients and enjoying sex with them. The case of Freddy Peats is one close to these times. This man who was operating in Goa since a long time, was condemned to life imprisonment by the Goa Court after evidence was found of being engaged in this flesh trade using the gullible innocence of children. And the recent paedophile scandal in Belgium is reported to have its ramifications in Goa in the activities of the above mentioned Freddy Peats.<sup>14</sup>

India already finds mention on the erotic sex user group on the Internet. Contacts in Mumbai, Madras, Delhi, Goa, Kovalam and Agra hold out veiled promises of Child prostitution on the World Wide Web. Gay magazine *Spartacus* even mentions places in Goa where young partners can be picked up.<sup>15</sup>

In fact it is difficult to ascertain the exact number of child prostitutes in India. A report of the Central Advisory Committee on Child Prostitution, published in May, 1994, says that 12 to 15

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13. D. de Souza, Children at Risk: Victims of "Development" in Contours (*The quarterly newsletter of the Ecumenical Coalition on Third World Tourism*) Vol. 5, No. 5/6, March-June 1992, p. 4.

14. To get a detailed information of the case of Freddy Peats read A. M. Barbosa, "Paradise for Paedophiles?" in *Goa Today*, April 1996, p. 19ff, also R. Saksena, "Sex Tourism" in *The Week*, August 4, 1996, p. 34ff.

15. R. Saksena, *op. cit.*, p. 37.

percent of the prostitutes in Mumbai, Delhi, Madras, Calcutta, Hyderabad and Bangalore are Children.<sup>16</sup>

d) *Bestiality*: Man's inhumanity has not stopped at that; it has reportedly reached even lower: man has been found enjoying sex with animals. There is at least one place in Indonesia, a remote village, where dog-houses (Doberman dogs) are specially promoted to offer these animals to tourists who would stoop so low for their sexual entertainment. And clients are reported to be flocking to such exotic places in order to engage themselves in this degrading activity—degrading not just to man but also to God's dumb creatures.

#### 3.2.4. *Drug Menace*

This menace really began with the advent of hippie age way back in the sixties. There was a special culture — a culture which would drive them to search for some isolated spots and accommodate themselves to the local situation seeking shelter under the poorest possible roofs and carrying on their activity, the most notorious kinds of it being drug consumption and sex. With no privacy to protect the locals from them, the habits easily caught the innocent minds of some of the youth.

Drug consumption, therefore, is not of recent times and so the tourism industry cannot be totally and solely blamed for it. Yet it is tourism that enhanced the easy availability of such a commodity which initially had come to be handled by the local community for the sole purpose of trade but later even for personal consumption, and the evil did not end there. The drug traffic eventually led to burglaries, thefts, gang-wars and murders. The drug addicts stole and sold precious articles — even heirlooms — from their own houses. Such behaviour not only impoverished their families but also traumatised them—families which were once so closely knit together.<sup>17</sup>

#### 3.2.5. *Massage Parlours*

Under the guise of 'health clubs' a shady trade is booming, that of massage parlours. These are reported to be offering a stunning range of sexual devices calculated to arouse even the most jaded sexual appetite. 'The masseuses have refined techniques

16. Saksena, "The Young And The Damned", in *The Week*, August 4, 1996, p 40.

17. *Ibid*.



to raise you to new heights of sexual pleasure', said one regular customer.<sup>18</sup> Bangkok and Manila were famous for massage parlours. But these massage parlours have finally reached puritanical India through the Capital City of Tamil Nadu State in the South.<sup>19</sup>

### 3.2.6. *The Rise in Sexually Transmitted Diseases and AIDS*

Apart from the humiliation and suffering inflicted on local people, sex tourism also threatens to be a health hazard. In 1982 the WHO, in its holiday health guide, warned tourists against venereal diseases (VD). "There are a number of high risks areas in the world, particularly in those countries where sex tours are organised."<sup>20</sup>

There is also the menace of HIV infection, a virus which leads to AIDS, the scourge of the century. According to WHO reports, the AIDS epidemic is now spreading faster in Asia than in other parts of the world, with the region having registered an eight-fold increase in the year 1995. In South and South East Asia the number of AIDS case has gone up from 30,000 to more than 250,000. The same source warns that HIV has been expanding in the region with significant level of infection in female sex workers in several states of India, in cities of Myanmar and across Thailand.<sup>21</sup> According to the National AIDS Research Institute (NARI) the HIV is spreading alarmingly in India and it is estimated that the country is currently having at least 1.5 million HIV infected individuals.<sup>22</sup>

There is another conflicting report, however, which puts Thailand ahead of India with about one million HIV infected people. While admitting that such a situation has affected the economic situation in the country, a Thai University AIDS researcher disclosed that male friends who had used sexual services at gas station and colleges freely offered their stories without any embarrassment<sup>23</sup>

Bro. Anthony Rogers, FSC, editor of the Newsletter of the Office for Human Development of the Federation of Asian Bishops' Conferences, says that "the dramatic and frightful increase in cases

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18. P. Holden, J. Horlemann, G. F. Pfafflin, ed., "Tourism Prostitution Development", Documentation, ECTWT, Bangkok, 1983, p. 22.

19. Ibid, 20. National Echo, May 27, 1982.

21. O. Herald, Panjim, Goa, October 25, 1995. 22. Ibid., May 3, 1996.

23. *The Navhind Times*, Panjim, Goa, September 18, 1995

of HIV / AIDS in the region has been very closely related to the growth in sex tourism. Thailand's Health Ministry estimated that three million people in Asia and the Pacific have the HIV that leads to AIDS. The figure could reach 18 million by the year 2003''<sup>24</sup>.

### 3.2.7. *Environmental Destruction and Sewage Problem*

Tourism industry is always dependent on multinationals. In plain English, the terms to set up hotels and to establish the mode of entertainment, are dictated by powers totally alien to the place and that too at a price. So the best places go for hotels: beaches, farms, coconut groves, cashew plantations, fields are sacrificed to make way for architectural monstrosities built to satisfy the mentally and morally bankrupt section of foreigners. The harmonious topography of beaches punctuated with sand-dunes, of hills covered with flushy and robust vegetation and of rivers snaking through the heart of the land is simply destroyed, even with the help of bulldozer, when needed.

To all this add the erosion of the rich landscape of hills and beaches resulting from this merciless degradation of the environment. And all this is done with not only the connivance of the rulers but with their explicit approval in the form of licences for conversion of land and subsidies. Prime land is literally offered on a platter at the cost of the shelter and livelihood of the locals. The owners of houses and land are literally driven out from their places.<sup>25</sup>

The structures needed to accommodate the tourists need sewage pits which require to be dug deep in the ground and can thus contaminate the water tables feeding the wells which are so important for local consumption. As regards tap water, it is not available to the locals except erratically, since priority is given to hotels and tourists by the powers that be.

### 3.2.8. *Stress on Resources and Amenities*

Tourism industry is offered amenities within the small area allotted to it than the entire locality in which the area *per se* is situated. So the resources which are scarce, are depleted even further due to the undue demands made on them.

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24. A. Rogers, "Asian Consultation on Tourism", in *Newsletter*, OHD-FABC, Manila, Philippines, Jan-Feb. 1996, Vol 22, Nos. 1-2, p. 1.

25. "Tourism in Goa", *op. cit*, p. 6.

a) *Water*: It would be pertinent to reproduce what the report of the Sub-Committee appointed by the Diocesan Pastoral Council, Goa to study the implication of tourism in Goa, had to say in this regard: "Water consumption by luxury hotels is so voluminous that besides draining a large amount from the mains they need additional resources of water to fulfil their requirements. Some of these hotels have been buying water from private wells from the nearby villages: this water is drawn with the help of powerful electric pumps, thus resulting in the drying up of the surrounding wells. The villages get neither the pipe water nor their own well-water. Some hotels have dug a number of bore wells within their complexes. Draining of large amounts of virginal water from the deep table, will result in depletion of this table, as a consequence of which the surrounding villages may not get water in public bore-wells, should the need arise. Therefore, the pious claim of some hotels that they use their own water or they get it from their wells holds no ground".<sup>26</sup> It goes without saying, therefore, that the State of Goa is passing through a phase of severe water shortage especially felt in summer.

b) *Electricity*: While domestic consumers and small scale industries are subjected to power cuts and load shedding, the hotel industry is allowed to consume vast amounts of energy for their air-conditioners, kitchen equipment, the recycling and purification of water from the swimming pool. And in the places where power is purchased from elsewhere the situation can spell disaster.<sup>27</sup>

## 4. Assessment of Tourism

### 4.1. Neo-Colonialism and Neo-Imperialism

For long centuries the powerful nations of the world had a strangling grip on the Third World Nations. Peoples from Asia, Africa and Americas were oppressed, exploited and many a time decimated. Their land, culture, language and folklore were almost obliterated. The produce of the land was used to enrich these powers literally neglecting the producing population, who invariably had to live in dire poverty.

All this was expected to go with independence which was won through a long struggle and at the cost of profuse bloodshed. Leaders imbued with high dreams for their countries, inspired and

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26. Ibid., p. 3.

27. Ibid.

galvanised their otherwise lethargic people into commitment to the cause of their respective countries. But today we have the so called Third World Nations in Africa, Asia and Latin America.

Their rosy dream was short lived. A new form of colonialism and imperialism, perhaps more dangerous than the former came to play its role. When the powerful corporations, governments and institutions of the already developed World are able to legitimately exploit natural resources, native skill, talent and labour, thwart the development of economics, corrupt and control political leadership through aid and patronage, thwart movements that seek to achieve social justice, invade and distort native culture and values and generally use and abuse lands and peoples, the use of women, children and young men for sexual pleasure is only an extension of this same logic and privilege.<sup>28</sup>

As a result the Third World countries remain backward. Therefore, one could confidently say that in the garb of tourism, the neo-colonisation has already started dominating them. They make certain demands even on the government machinery, the afore-mentioned Report of the Sub-Committee of the Goa Archdiocesan Pastoral Council, rightly denounces this flexing of muscles by the industry: "The powers operating the industry have to be taken into consideration while evaluating the impact such forces can have on the society at large. Money-power in influencing official decision-making and in suppressing public opinion through the propaganda machinery is a fact to be reckoned with." Such an official patronage was expressed by the government "offering to acquire private land on behalf of luxury hotel owners and handing it over to them on a platter", "licensing of hotel construction ... by-passing the local self-government authority (i.e., Panchayats)" and officially denying in the Lok Sabha that there is an anti-tourist sentiment in Goa.<sup>29</sup>

Secondly this domination widens the gap between the poor and the privileged ones. The question here arises: can the developing nations support this type of tourism — a tourism which is prejudiced, a tourism which wants to control the economy and the natural resources, a tourism which impoverishes the nation?

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28. V. Yap. "The Context Of Prostitution-Tourism", in *Third World People And Tourism*, op. cit., p. 59.

29. "Tourism in Goa", op. cit., p. 10.



## 4.2. Slavery and Subservient Attitude Forced on the Locals

Another offshoot of neo-colonialism and neo-imperialism is the attitude of servility. It connotes a two-way prejudice: the white people's concept that the blacks and the browns are drudgers, and the coloured people's idea that the whites (especially European and American) are a race superior to them. This is a mythology that the Third World people have created around the people of the first and the second world. In fact, to pander to the whims and fancies of the tourists, some local people have abandoned their own cultural values. The mentality of giving the tourist all that he/she wants and is expected to have to be happy puts these people on the steep road of decadence and mental degradation.

This is confirmed by the very attitude of the whites. They use the Third World people for their pleasure and then dispose them off. They may want the Third World women/girls to be their playmates, to be their slaves, to give them bodily pleasure but they will never take them as a life partner, as a brother or sister, as a person who is equally capable of sharing not only body but even thoughts, desires and plans. This is the autocratic attitude with which the people of the Third World are treated.

## 4.3. The Apparent Benefits of Tourism

### 4.3.1. *Tourism and Influx of Foreign Exchange*

It is often believed that Tourism gives a boost to economy as foreign exchange keeps flowing in along with the tourists.<sup>30</sup> In fact, the World Tourism Organisation and the global tourism industry have brainwashed the people into believing that tourism brings valuable foreign exchange for the Third World Countries.<sup>31</sup>

Many of the luxury hotels are operated by international hotel chains. These are conglomerates which have the necessary capital and experience to build and operate high class hotels catering to foreign tourists. It appears that foreign hoteliers, consultants and even tour operators have a very large share of the expanding tourism industry in the country.<sup>32</sup>

30. E. Hong, *op. cit.*, p. 35

31. D. de Souza, "The other side of Tourism", in *O Heraldo, Mirror*, Oct. 29, 1995, p. 10

32. E. Hong, *op. cit.*, also D. De Souza, "The Other Side Of Tourism".

The opening of clubs and their administration and the running of charter flights are all managed by foreigners. Foreign tour operators bring in tourists and expand their operations.<sup>32</sup> Even some hotels which are locally owned sign contracts with international hotel chains to provide them with key services ranging from management and general administration to food catering. Hence a large part of the hotel profits accruing to foreign-owned chains or expatriate staff are not retained by the host country. The World Tourism Organisation had estimated that a minimum of 40% of gross hotel revenue goes to the hotel chains and that figure can run as high as 75% or more.<sup>34</sup> In fact a large part of the foreign exchange earned from tourists by these hotels is eventually obtained by the foreign-controlled hotel chains and is not retained by the locals. Can we really say that the nations (the developing countries) who host the tourists profit from the foreign exchange?

#### 4.3.2. *Leakages from Tourism*

Leakage is a term used in tourism to describe its unbalanced effect wherein a substantial portion of the gross expenditure by tourists flows out of these host countries because the money was spent on imported goods or because of the profits, management fees, etc. repatriated by foreign companies operating the tourist hotels.<sup>35</sup>

These leakages can amount to 25 to 50% of total tourist expenditure in a given country. One could speak of many channels through which these leakages occur in a given local situation. The following are the main components of leakages.<sup>36</sup>

a) Import of goods and services in tourist hotels. These imports include goods imported directly by hotels mainly food, beverage, machinery, furniture, linen and silverware; goods imported by hotels through local intermediaries; advertising and promotion contracted abroad; commission to the trade; repatriated compensation of expatriate personnel and communications.

b) Repatriation of profits by foreign owners of hotels and foreign exchange earned by hotels but retained out of the country.

33. E. Hong, *op. cit.*, p. 36

34. *Business Times*, October 22, 1980

35. S. B. Steward & B. K. Spinard, *Tourism in the Caribbean: The Economic Impact*, Ottawa: International Development Research Centre, 1982, p. 152

36. E. Hong, *op. cit.*, pp. 22-23

c) Imported goods and services purchased by tourists in restaurants, shops and other tourist establishments apart from hotels during tours and for water sports.

d) High leakage by interest payments to foreign banks and payments to foreign auditors, insurance companies.

e) Government tax exemptions and provision and use of various facilities at subsidised rates (in some countries e. g. Gambia, Dakar, Senegal) also add to further leakages.

Studies by the AICD<sup>37</sup> found that foreign investors in tourist hotels enjoy eight years of income tax exemption, import all building material and equipment duty free, are exempted from local excise taxes and are free to repatriate capital and profits.<sup>38</sup>

In the final analysis it is the local people who have to bear the burden of these costs. These nations especially the African nations, are so eager to attract foreign investment in tourist hotels that the poor native tax payer ends up virtually subsidising the cheap vacation of the privileged Europeans and Americans.<sup>39</sup>

Moreover international tourism requires high capital investments, foreign know-how, imported materials and expensive infrastructural facilities (like highways, airports and telecommunications). This necessitates heavy borrowing of loans and foreign investments to finance these projects, which many Third World countries can ill afford.

The Third World Governments and those departments which are responsible for the flourishing of the tourism industry should conscientiously examine all their policies and really take time to assess the types of commutative injustice caused to the locals to the detriment of their country's economy.

#### 4.3.3. *Locals — taken for Granted*

Locals are sometimes taken for granted — by the tourists, by the local Government and by some of their own countrymen.

a) The Third World people are encouraged to be 'interesting natives' and go through traditional movements for the benefit of goggling strangers. Photographs are taken of the local people in their traditional activities which almost always appeal to the quaint

37. Association for International Co-operation And Development.

38. *Business Times*, Aug. 31, 1981

39. E Hong, *op. cit.*, p. 26

expectations that tourists bring in their mind of the 'natives'. In most of these instances, these 'natives' will not even be asked whether or not they mind their photographs being clicked. The tourist assumes that somehow he/she has brought the right along with his/her ticket.<sup>40</sup>

b) The local Government, in order to give a boost to tourism allocates a substantial amount of its budget to tourist projects, like building a tourist complex which covers an area of thousands and thousands of acres of land or developing the local airport into an international tourist airport or giving either water or electricity supply or satellite communication to the remote areas where the hotel complexes are stationed while most of the rural population is starving for basic facilities such as tap water, electricity and telephones. (It is disheartening to learn that water distribution, electricity supply and telephone connections, inaugurated by the local ministers, and catering to the needs of the locals work well only for a week and when complaints are made no interest is shown to restore the water or power supply and phone connections — what a contrast!) Tourist hotels, on the other hand are given the best usage of these public amenities. The Government thus provides better public utilities like transport, shelter, recreational facilities etc. to the tourists than to the majority of the local population. It seems to be more interested in the well-being of tourists than in that of the locals, who because of the inflation and unstable monetary system and, of course, the rocketing prices of basic food commodities, are dying of malnutrition.<sup>41</sup>

c) The total surrender of moral dignity and cultural integrity occurs in the form of pro-tourist discrimination wherever the tourist and the local are found together. In many cases, when mercenary considerations reign supreme, it takes the form of an obscene obsequiousness and cultural inferiority. Many a local was denied services one time or another just because a tourist or a foreigner happened to walk in.<sup>42</sup>

What type of tourism is promoted when the locals are not even taken into consultation? The locals have been completely stripped off their human and personal dignity. If the yardstick to measure tourism is only pecuniary gains and the locals are only exploited for that, then this type of tourism has no right to step in

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40. Ibid., p. 28

41. Ibid., p. 43

42. Ibid., p. 60



to their country. The foreigners have to pack up and move, because this attitude which denies the locals their most fundamental rights is very de-humanising.

## 5. Some Remedies Proposed

It is absolutely necessary to curb and completely terminate this perverted tourism in all its deplorable forms and with all its dangerous and dire consequences. I will set forth below some suggestions which could bring this about:

### 5.1. At the Third World Level

In 1982, several regional Third World ecumenical bodies decided to work together to respond to the nefarious impact of tourism on Third World communities: and so it was agreed to form the Ecumenical Coalition of Third World Tourism. This Ecumenical Coalition has put in a lot of effort, spent substantial amount, and tried to collect and scrutinise a good deal of information. As a result a good and well-founded documentation has emerged. Yet there is a long way to go as regards the concrete steps to be taken regarding this problem.

### 5.2. Solidarity among the Third World Countries

The Third World countries, who have allowed themselves to be the victims of this monstrous 'tourism', have to take their task seriously and act.

a) For this, sincere persons selected by the department of tourism should take up the matter. They should honestly examine the things and events that have gone wrong especially in the recent past. These lapses may have been the result of negligence, deliberately intended improper behaviour and self-interest placed before the good of the entire nation. The resultant atmosphere of corruption, oppression and lack of hope needs to be cleared urgently.

b) Limits to political contributions by corporate bodies and business entrepreneurs should be defined, checked and controlled.

c) Profit-making and free enterprise have their values, but should not become the dominating ideology in the promotion of tourism. When this is done unethical practices tend to be justified. Personal interest (either of the tourist and/or of the local agent) and business interests determine the national policy and in consequence the whole nation may suffer, particularly in social issues

like unemployment, unfair wages, misuse of public funds, unjust taxation etc.

d) Tourism should be held responsible for the pollution and other evil that it causes, like ecological imbalance, depletion of the water table etc. "Prevention is better than cure" should be the slogan of all the Third World countries. In this regard the tourism industry should pay for costly sanitary services occasioned by it.

e) Certain unethical, abhorring and abominable practices, which have become all too frequent, have to be purged from the tourist world, e. g. sex-tourism, nudism, child prostitution, male prostitution, discotheque, massage parlours.

f) A vigilant body should be set up to supervise unruly activities of the tourists and the locals and to strictly control the inflow of drugs; it should be given absolute police protection.

g) Deterrent punishment should be inflicted on nudists and drug peddlers. In doing this drug peddling should be equated to murder. A substantial increase should be made in the prescribed fine, to correspond to the living standards of the country to which the culprit hails.

h) Moratorium should be imposed on licensing of new luxury hotels as well as on the expansion of the existing ones.

i) Declaration of tourism as an industry should be withdrawn at least in so far as it concerns powers of land acquisition and subsidy.

If the Third World nations frame up this policy and strictly follow it, a lot of abuses will be curbed. Many things can be controlled by this solidarity among them. As one strong body, it will be able not only to make deliberations but also to take decisions and execute them.

As far as joining hands to combat this dreadful menace is concerned, nations should not play games with one another, nor betray the common decisions taken but support one another. If the delegated play the win-lose game they will end up in a loss; but if they play win-win games, they will always win. For this game to be played successfully there should be basic trust in one another and disinterestedness, and everything should be done with the sole aim of upholding the traditional values the Third World has always believed in.

### 5.3. At the Local Government Level

It is only the local Government that has the powers to execute the deliberations taken at the international level. These powers are conferred on the government by the people and the people expect that they be used for the benefit of the locals without prejudice to anybody's rights.

Hubert Geppert, a German and member of the tourist Union International, has the following observation regarding, as he puts it, 'clarification regarding some points and avoiding misunderstanding and futile discussions'.<sup>43</sup> "It cannot be the business of the trade to change social, economic or even political conditions in your countries. I want to make this very clear. This is the job and the task of the people living in these countries. Most of them are very proud of their political and economical independence — more political than economic. Many of them had to fight for their independence very very hard, and I think we have to leave it to them also to decide what type of tourism they want or whether they want to have tourism at all".

"This for us as partners of tourism means that we accept the conditions in potential tourist areas, conditions of political, social and cultural type. We do business irrespective of economic or political systems world-wide".

"Tour operators are a commercial enterprise and as such, our task is to make profits for our shareholders whether we like that or not — this part of our economic system".

"We also have to develop products which are according to expectations and motivations of our clients, again whether we like this or not, because it is not a matter of tour operators or host countries to make a destination — it is the client who finally decides on the success of a destination and who finally can make a destination, agreed, with the help of trade partners".

The Government could, with the help of experts, develop a code of ethics for tourists and tour operators, monitor the Tourism Bill of Rights and Code of Conduct recently affirmed by the World Tourism Organisation.<sup>44</sup>

43. H. Geppert, "The Policies of the Travel industry" in *Third World and Tourism*, ECTWT, TEN, p. 77

44. The Bad Boll Conference Statement, "Third World People and Tourism" in *Third World And Tourism*, ECTWT, TEN, pp. 9-15

These statements sound very much alarming — they diplomatically shirk their own responsibility and dump it all on the Third World nations.

Therefore, it is the job of the government in consultation with its citizens, to make policies and to decide what type of tourism can be fostered, and on what conditions this can be allowed. This should be done without any compromise and there should be strict vigilance kept on the whole exercise.

#### 5.4. At the Individual Level

a) Conscientising the people should be the first step. The people have the right to know about whatever is happening to the infrastructure of their society and, therefore, not only information is to be given to them, but also a real education programme must be conducted for them — an education programme which states the facts, analyses the situations, assesses them and then calls for a concrete action.

This education could be given at different levels. First, the conscientisation could be conducted from house to house. In this phase the ill effects of tourism including the devastating repercussion on, and threat to family life, must be exposed.

After that the citizens are to be called together to draw up a programme for immediate action. This could be in the form of strikes or dharnas, etc.

Simultaneously, a lot of publicity should be given to this programme through the local news papers, so that more and more people are convinced about the immediate ban on the type of tourism that is in vogue in various parts of the country.

### 6. Active Church Involvement

#### 6.1. Church and its Concern towards People

The Pastoral Constitution *Gaudium et Spes* at the very outset speaks about the solidarity of the Church with the whole human family, with, "the joy and hope, the grief and anguish of the followers of Christ as well".<sup>45</sup> And that is why at all times the church has the responsibility of reading the signs of the times and interpreting them in the light of the gospel.<sup>46</sup>

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45. G. S., 1

46. Ibid., 4



After visiting the developing countries, and virtually seeing the serious difficulties besetting people of long standing civilizations who were at grips with the problems of development, Paul VI in his encyclical letter *Populorum Progressio*, makes a special mention of the colonial powers who have left behind a precarious economy. And he remarks, "the structures established by them still persist".<sup>47</sup>

In this regard the Church has never failed to foster the human progress of the nations to which she brings the faith in Christ. The Church, through her missionaries, has always taught the local population the means of deriving the best advantage from their natural resources. And the missionaries, in the process, have often protected them from the greed of foreigners.<sup>48</sup>

Even today, in the present situation of the world, there is a demand for concerted action based on a clear vision of all economic, social, cultural, and spiritual aspects. Experienced in human affairs, the Church without attempting to interfere in any way in the politics of the States, "seeks but a solitary goal to carry forward the work of Christ himself under the lead of the befriending Spirit".<sup>49</sup>

The Church, when giving a Christian vision of development, says that this development to be authentic must be a complete one, an integral one, one that is not limited to mere economic growth, but which positively promotes the good of every person and of the whole person.<sup>50</sup>

When the Church shows concern towards people, it also does it with urgency. It says that the action should be a swift one lest it should undergo the risk of losing indispensable equilibrium.<sup>51</sup> And that is why this quick development demands bold transformation and profound innovation. It speaks about urgent reforms to be undertaken without delay.<sup>52</sup>

What the Church has pronounced in general regarding progress can be surely applied to tourism because under the umbrella of tourism come all the major issues, that of economy, unjust distribution of wealth, unemployment, ecology, servitude, social, sanitary and family life. Therefore the Church is bound by justice to fight for this cause of tourism.

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47. P. P., 7

50. *ibid.*, 14

48. *Ibid.*, 12

51. *Ibid.*, 29

49. *Ibid.*, 13 & G. S., 63

52. *Ibid.*, 32

## 6.2. A Profile of Action

### a) *Programmes and Planning*

- \* The collecting of data on tourism from various sources would set the ball rolling. This data could be collected from newspapers and magazines, official documentation, census reports and statistics by making a survey of a given situation by interviewing the affected people in a particular locality or within the scope of a given scenario.
- \* This data then should be organised into a fully elaborated study and given to experts for comments and then presented to the National Bishop's Conference for discussion, comments and reactions.
- \* Thereafter a Co-ordinating committee should be set up at the National level for the swift implementation of the program to fight against the ill effects of tourism and especially to negotiate with the Government. Once this body is recognised by the Government, it can have a voice in framing the latter's policy regarding Tourism.
- \* A vigilance Committee should be formed at the level of each diocese. And this in turn should have well established cells at the Parish level. If this is achieved, then the awareness programme will have a better outcome even at individual or family level.

Thus this type of programme is absolutely necessary in order to encourage, stimulate, co-ordinate, supplement and integrate the activity of individuals and of intermediary bodies. It should reduce inequalities, fight discrimination, free persons from various types of servitude, and enable them to be the instruments of their integral growth. This is, in fact, the aim of social action in the Church. Every social action involves a doctrine but Christians cannot admit any doctrine that is based upon materialistic and atheistic philosophy, which respects neither the religious orientation of life to its final end, nor human freedom and dignity.<sup>53</sup>

### b) *Church's Voice to Restore the Equilibrium of Disoriented Tourism*

- \* The Episcopal Conferences are very powerful bodies. Through the Vatican, they can be very assertive and exert a lot of

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53. Ibid. 39

pressure on wealthy nations in so far as the ill effects of tourism are concerned.

- \* Through the Vatican, these nations can be made aware of their duty not to exploit the poor nations through the organisation of tourism. As things are, the West is becoming richer and the poor nations poorer due to exploitation carried out through the formal organisation of tourism by the First World.
- \* It is not only the monetary concern, but also the preservation of values that each foreign tourist is called upon to have in view when visiting a Third World country as a part of his/her tour. It has to be strongly noted that the people of the Third World nations should not be treated as commodities, guinea pigs and mere slaves to be at the service of the white folk. The dignity of the human person, created in the likeness and image of God, should be emphasised. A tourism in which one human being cannot meet another as a person, as a brother or sister as God's child and as a sovereign citizen of another nation, should be rejected outright.
- \* The Westerners should be made aware that, though the colonisation (in which they have literally ransacked the third world nations and left them impoverished) has been done away with, they have now been subtly imposing on the Third World nations this neo-colonisation in which the latter continue to be still under the yoke of slavery of the first and second worlds by imitating their life style, buying their products, supporting and perpetuating their values which are no longer Christian but pagan.
- \* Advanced nations have a very heavy obligation to help the developing peoples.<sup>54</sup> It is but necessary to put into effect this teaching of the council. The highly developed nations should be made aware that though it is they who first and foremost should benefit from the gifts that Providence has bestowed on them and from the fruit of labour of their people, yet no country can claim on that account to keep its wealth for itself alone. Given the increasing needs of the under-developing countries, it should be considered quite normal for an advanced country to devote a part of its production to meet their needs.<sup>55</sup> Instead of the affluent nations coming solely

to enjoy themselves in the Third World countries and supplying their products to build a "home away from Home", they could also take up the challenge to train local engineers, technicians and scholars who could then put their knowledge and their skill at the disposal of their less fortunate brethren.

- \* Another important programme that could be launched by Episcopal Conferences is the deputation of Moral theologians to make a profound theological investigation and a well documented study of tourism industry in collaboration with experts in sociology, demography, ecology and other pertinent sciences. This study would be a sort of first hand material to inform, conscientise the bishops and the people, Catholics and non Catholics, about the ill effects of tourism and to stimulate them to combat either individually or as a group, this threatening menace that assails the whole fabric of life.
- \* One more important suggestion is that there should be such awareness programmes at the Seminary level itself. The Seminarians must be exposed to these realities either by an exposure programme or by sending them to interview people (both local and tourist), or the travel agents, the hoteliers, the promoters of tourism, the staff of the government departments responsible for tourism in the country and many other personalities linked with tourism. This will make the seminarian aware of the sinful and unjust structures of tourism which keep persons in servitude to white people who exploit and completely demean the human person in matters ranging from social issues to those of bioethics.

## Conclusion

Tourism has come to stay and it will stay; there is no doubt about it. Therefore, whether people like it or not, everybody has to accept it as part and parcel of human growth. And because it is an integral part of human development, it should open its avenues and horizons and assimilate the various cultural, ecological, ethical, religious, relational and social experiences of life of the host country. This will bring about a mutual and harmonious exchange benefiting both the visitor and the host. This type of tourism is to be welcomed, encouraged and fostered by one and all.

The tourism that is opposed to by the Third World is the modern tourism promoted as an industry — tourism as exploitation,



tourism that uses the Third World and its culture, its resources, persons and their services as mere commodities. It is precisely this type of disoriented tourism that jeopardises the cultural values and replaces commodities by persons. It completely destroys the moral fibre of the people, bringing along a total degradation in values and beliefs.

It should be made clear that the Third World countries are not for a complete ban on tourism. The voice of the Third World constantly echoing is for nothing but reorientation, renewal and redemption.

It is at this juncture, that the Church has to step in. The very purpose of the Church, the very essence of her existence, is to be a sign of the messianic Kingdom of God in this world. And that is why she has a great role to play, especially a prophetic role, as she proclaims the coming and the fulfilment of God's Kingdom in the world.

A Christian, therefore, has to continuously seek renewal and growth in order to intelligently participate in the mission of establishing this Kingdom. That is why, the Church co-operates with the movements of the people for the poor, the oppressed, the victims of tourism and the good of all creation.

Christ has to repeat His advent here. He is the Saviour and Life of the World. He empowers and calls upon the Church, His Body, to receive and to reflect this Life in unambiguous commitment to justice, peace and integrity of creation. This means that the Church does not exist for itself, but for the world.

Threats to life are threats against God. It is a sin if atheistic powers oppress people and destroy life. But it is worse if destruction and oppression are legitimised in the name of Christ. At times on account of new levels of threat to life and because of the heretical use of Christ's name for the legitimisation of 'exploitation, war and destruction, the ecclesiological dimension becomes an integral part of the struggle.<sup>56</sup>

It is not only the Christological and the ecclesiological dimensions that should come into play in combating this worst

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56. L. Tevi, *op. cit.*, p. 116

kind of oppression, but also the pneumatological one. The latter should be the main motivating force in overthrowing this perverted tourism. It is only in the power of the Holy Spirit that the Church, as the body of Christ, can bear witness to the world.

Only then can the joy and hope, the grief and anguish of men and women of our time, be the joy and hope, the grief and anguish of the follower of Christ, in carrying forward the liberating mission of Christ.

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Soccoro Mendes

## Book Review

*MISSION AND CONVERSION, A REAPPRAISAL*, Edited by Joseph Mattam and Sebastian Kim., Mumbai: St. Paul's, 1996.

The book is a series of papers presented at the 4th annual meeting of the Fellowship of Indian Missiologists (FOIM) held at Ishvani Kendra, Pune, Aug. 24-27, 1995. It is mainly a Christian response to Arun Shourie's presentation of the Hindu perception of the Work of Christian Missionaries in India. It generally agrees that conversion and baptism have sometimes been misused by missionaries. As Lucien Legrand states, conversion is currently used in the sense of a shift in religious affiliation, a far cry from the Biblical idea, as a challenge to all to turn to God from Idolatry. Becoming the people of God is an experience that Israel herself underwent and is not something applied only to other nations. Michael Amaladoss explains the goal of mission is not the Church, but the Kingdom, God's reign over cosmos and history, a new humanity, the future of the Church.

Jacob Kavungal admits that in the Indian context baptism has acquired "a disreputable meaning among many due to its social and political consequences". On the other hand, the primary significance of baptism is entry into the Community of disciples of Jesus. Julian Saldana gives a critical review of the various conversion movements in India. Joseph Mattam attributes the recent upsurge in opposition to conversion to Christianity a consequence of the attacks on Hinduism made by the Church at one time, and also of the impression created that conversion led to denationalization. He clearly states that individuals who choose to follow Christ are to be welcomed and that this does not necessarily involve a cultural change.

Joseph Valiamangalam in his paper contends that despite denials in some quarters Hinduism is a missionary religion. So it spread to the whole of South East Asia and recent movements have aimed to convert Indian Christians to Hinduism under the guise of 're-conversion'. On the other hand Anto Karokaran observes that

conversion to Christianity makes Indians foreigners in their own country owing to the 'monoculturism' of the Church, which imposes a Roman / European culture on all. The solution for this is "radical inculturation" which is obligatory owing to the historicalness of human existence and of God's revelation in Jesus Christ. J. Rosario Narchison gives a positive and constructive analysis of Arun Shourie's book: *Missionaries in India*.

On the whole the book is a timely clarification of Christian mission work in India and helps to remove a lot a confusion surrounding conversion and baptism. As J. Prasad Pinto states in his response to Narchison, "though Shourie has not given us today's realistic Hindu vlew of Christian missionary work, yet he has succeeded in presenting the way many Hindus look at Christian missions".

John B. Chethimattam



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